

FISCAL BIENNIUM 2008-2010 COMMONWEALTH BUDGET FINAL BUDGET MEMORANDUM

VOLUME I

Legislative Research Commission

June 4, 2008

This FB 2008-2010 Commonwealth Budget Final Budget Memorandum, as approved by the Legislative Research Commission pursuant to 2008 HJR 81, enumerates the changes made by the 2008 General Assembly to HB 406, the State/Executive Branch Budget Bill, and provides explanatory detail to convey the intent of their actions. This report addresses not only provisions of HB 406, but also applicable provisions of HB 2, HB 410, HB 514, and HB 608 that impact, add, or modify appropriations provisions contained in HB 406. Volume VI lists the Biennial Highway Construction projects approved by the General Assembly in HB 79, which was subsequently vetoed by the Governor in its entirety.

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**FISCAL BIENNIUM 2008-2010 COMMONWEALTH BUDGET
FINAL BUDGET MEMORANDUM**

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Commonwealth Budget Summary

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FB 2008-2010 FINAL BUDGET MEMORANDUM
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
GENERAL FUND BUDGET SUMMARY

	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	General Assembly	Difference	Branch	General Assembly	Difference	Branch	General Assembly	Difference
RESOURCES									
Undesignated Balance	579,280,800	579,280,800		58,931,600	62,967,600	4,036,000	(70,909,100)	39,066,600	109,975,700
Continued Appropriations Reserve									
Branch Regular	57,124,900	57,124,900		18,671,900	18,671,900		7,793,900	7,793,900	
Tobacco Settlement	57,159,100	57,159,100		19,903,700	19,903,700		6,960,900	6,960,900	
Budget Reserve Trust	231,489,700	231,489,700		214,775,400	214,775,400		214,775,400	214,775,400	
Reserve Subtotal	345,773,700	345,773,700		253,351,000	253,351,000		229,530,200	229,530,200	
Revenue									
Consensus Revenue Estimate	8,633,038,000	8,633,038,000		8,823,597,000	8,823,597,000		9,096,259,000	9,096,259,000	
Tobacco Settlement	117,470,000	117,470,000		119,690,000	119,690,000		121,580,000	121,580,000	
Revenue Measures		3,300,000	3,300,000		14,925,000	14,925,000		10,300,000	10,300,000
Revenue Subtotal	8,750,508,000	8,753,808,000	3,300,000	8,943,287,000	8,958,212,000	14,925,000	9,217,839,000	9,228,139,000	10,300,000
Existing Fund Transfers	76,089,200	76,089,200							
Fund Transfers - Budget Reduction	51,198,200	51,198,200							
Fund Transfers (HB406)	43,952,400	43,952,400		262,446,700	301,654,400	39,207,700	105,162,800	129,215,400	24,052,600
Other Resources				40,600,000	47,050,000	6,450,000	17,500,000	23,750,000	6,250,000
TOTAL RESOURCES	9,846,802,300	9,850,102,300	3,300,000	9,558,616,300	9,623,235,000	64,618,700	9,499,122,900	9,649,701,200	150,578,300
APPROPRIATIONS									
Executive Budget (HB406)									
Regular Operating	9,014,577,200	9,014,577,200		8,867,125,200	9,082,339,400	215,214,200	9,081,905,100	9,349,255,700	267,350,600
Mandated Allotments (NGE)	50,200,000	50,200,000							
Budget Reduction Order	(65,262,400)	(65,262,400)							
General Fund Current Year	150,303,300	150,504,300	201,000						
Other - Dedicated Revenues	9,379,100	9,379,100							
Budget Reserve Trust / Surplus Plan	(16,714,300)	(16,714,300)					(189,775,400)	(198,492,400) (1)	(8,717,000)
RS 2007 Appropriations (excluding BRTF)	19,547,300	19,547,300							
SS 2007 HB1	12,619,500	12,619,500							
Phase I Tobacco Settlement	117,470,000	117,470,000		119,690,000	119,690,000		121,580,000	121,580,000	
Capital	11,103,000	11,103,000							
Executive Subtotal	9,303,222,700	9,303,423,700	201,000	8,986,815,200	9,202,029,400	215,214,200	9,013,709,700	9,272,343,300	258,633,600
Use of Continued General Fund	45,036,900	45,036,900							
Use of Continued Tobacco	37,255,400	37,255,400		12,942,800	12,942,800		6,960,900	6,960,900	
Use of Continued Budget Reserve Trust	16,714,300	16,714,300					189,775,400	198,492,400	8,717,000
Total Executive	9,402,229,300	9,402,430,300	201,000	8,999,758,000	9,214,972,200	215,214,200	9,210,446,000	9,477,796,600	267,350,600
Legislative Budget (HB407)									
Regular Operating	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Budget Reduction		(937,000)	(937,000)						
Use of Continued General Fund	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
Total Legislative	52,415,100	51,478,100	(937,000)	51,558,900	51,558,900		56,433,600	56,433,600	
Judicial Budget (HB408)									
Regular Operating	279,376,500	279,376,500		339,146,300	265,835,800	(73,310,500)	387,618,800	295,885,800	(91,733,000)
Judicial Efficiencies	(2,500,000)	(2,500,000)							
Budget Reduction	(1,964,800)	(1,964,800)							
Use of Continued General Fund	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
Total Judicial	266,094,900	266,094,900		351,178,300	277,867,800	(73,310,500)	388,127,200	296,394,200	(91,733,000)
Special Bills									
Appropriations Subtotal	9,720,739,300	9,720,003,300	(736,000)	9,402,495,200	9,544,398,900	141,903,700	9,655,006,800	9,830,624,400	175,617,600
Budget Lapse / Savings	(186,219,600)	(186,219,600)		(2,500,000)	(189,760,700)	(187,260,700)	(2,250,000)	(203,510,700)	(201,260,700)
TOTAL APPROPRIATIONS	9,534,519,700	9,533,783,700	(736,000)	9,399,995,200	9,354,638,200	(45,357,000)	9,652,756,800	9,627,113,700	(25,643,100)
BALANCE	312,282,600	316,318,600	4,036,000	158,621,100	268,596,800	109,975,700	(153,633,900)	22,587,500	176,221,400
Continued Appropriations Reserve									
Branch Regular	18,671,900	18,671,900		7,793,900	7,793,900		6,304,500	6,304,500	
Tobacco Settlement	19,903,700	19,903,700		6,960,900	6,960,900				
Budget Reserve Trust	214,775,400	214,775,400		214,775,400	214,775,400		25,000,000	16,283,000	(8,717,000)
Total Reserve	253,351,000	253,351,000		229,530,200	229,530,200		31,304,500	22,587,500	(8,717,000)
UNDESIGNATED BALANCE	58,931,600	62,967,600	4,036,000	(70,909,100)	39,066,600	109,975,700	(184,938,400)		184,938,400

(1) HB514 amended HB406 to authorize spending from the Budget Reserve Trust Fund (BRTF) of \$191,117,400. Subsequently HB2 provided energy efficiency tax credits of \$7,375,000 over the biennium necessitating further expenditures from the BRTF.

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FB 2008-2010 FINAL BUDGET MEMORANDUM
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
OTHER BUDGETARY RESOURCES

TABLE I - OTHER BUDGETARY RESOURCES <u>Source</u>	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	General Assembly	Difference	Branch	General Assembly	Difference	Branch	General Assembly	Difference
Continuing Revenue Actions - Vendor Compensation				9,700,000	9,900,000	200,000	10,300,000	10,300,000	
Abandoned Property receipts greater than forecasted				29,900,000	29,900,000		6,200,000	6,200,000	
Royalty Payments from sale of natural resources at the Wendell H. Ford Regional Training Center				1,000,000	1,000,000		1,000,000	1,000,000	
Cigarette Papers Tax Adjustment					(750,000)	(750,000)		(750,000)	(750,000)
Increased Lottery Participation					7,000,000	7,000,000		7,000,000	7,000,000
Total Other Budgetary Resources				40,600,000	47,050,000	6,450,000	17,500,000	23,750,000	6,250,000

TABLE II - REVENUE MEASURES <u>Source</u>	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	General Assembly	Difference	Branch	General Assembly	Difference	Branch	General Assembly	Difference
HB 538 - Exclusion of Sales Tax for OTC Drugs					(1,200,000)	(1,200,000)		(1,200,000)	(1,200,000)
HB 683 - AOC Revenue Measures					13,400,000	13,400,000		13,400,000	13,400,000
HB 704 - Abandoned Property		2,300,000	2,300,000						
HB 704 - Interest Accrual on Rebates					2,000,000	2,000,000		2,000,000	2,000,000
HB 704 - Increase Interest Rate on Taxes Payable to Prime Plus 2 Percent		1,000,000	1,000,000		1,200,000	1,200,000		3,000,000	3,000,000
HB 2 - Energy Efficiency Tax Credits					(475,000)	(475,000)		(6,900,000)	(6,900,000)
Total Revenue Measures		3,300,000	3,300,000		14,925,000	14,925,000		10,300,000	10,300,000

TOTAL TABLES I AND II		3,300,000	3,300,000	40,600,000	61,975,000	21,375,000	17,500,000	34,050,000	16,550,000
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**FB 2008-2010 FINAL BUDGET MEMORANDUM
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
BUDGET LAPSES AND OTHER SAVINGS**

	FY 2007-2008			FY 2008-2009			FY 2009-2010		
Budget Lapses	Branch	General Assembly	Difference	Branch	General Assembly	Difference	Branch	General Assembly	Difference
Lapses due to HB380 Line Item Vetos	(11,576,000)	(11,576,000)	-			-			-
Debt Service - Finance	(93,285,000)	(93,285,000)	-			-			-
Debt Service - SFCC	(8,600,000)	(8,600,000)	-			-			-
Education Excess SEEK	(43,771,500)	(43,771,500)	-			-			-
LARS - Reading and Math Continuing Appropriation	(12,000,000)	(12,000,000)	-			-			-
LARS - Health Insurance Estimate	(6,000,000)	(6,000,000)	-			-			-
State Salary Compensation Fund	(5,109,600)	(5,109,600)	-			-			-
Public Transportation	(2,950,000)	(2,950,000)	-			-			-
Registry of Election Finance	(61,100)	(61,100)	-			-			-
Tourism	(99,600)	(99,600)	-			-			-
Economic Development - Secretary	(237,000)	(237,000)	-			-			-
New Business Development	(131,500)	(131,500)	-			-			-
Existing Business Development	(179,800)	(179,800)	-			-			-
Deaf and Hard of Hearing	(101,000)	(101,000)	-			-			-
Libraries and Archives	(282,900)	(282,900)	-			-			-
Natural Resources	(251,800)	(251,800)	-			-			-
Mine Reclamation and Enforcement	(89,100)	(89,100)	-			-			-
Board of Claims/Crime Victims' Compensation Board	(24,100)	(24,100)	-			-			-
Housing, Buildings, and Construction	(133,100)	(133,100)	-			-			-
Public Health	(181,200)	(181,200)	-			-			-
Health Policy	(17,300)	(17,300)	-			-			-
State Group Health Insurance	(138,000)	(138,000)	-			-			-
Public Service Commission Lapse	(1,000,000)	(1,000,000)	-	(2,500,000)	(2,860,700)	(360,700)	(2,250,000)	(2,610,700)	(360,700)
Part IV - Timing of Employer Payments to State Group Health Trust Fund			-		(7,000,000)	(7,000,000)		(7,000,000)	(7,000,000)
Total Budget Lapse	(186,219,600)	(186,219,600)	-	(2,500,000)	(9,860,700)	(7,360,700)	(2,250,000)	(9,610,700)	(7,360,700)
Other Savings									
Lapses due to retiree vacancies			-		(85,000,000)	(85,000,000)		(85,000,000)	(85,000,000)
Efficiencies and Debt Service Lapses			-		(44,900,000)	(44,900,000)		(58,900,000)	(58,900,000)
Debt Restructuring			-		(50,000,000)	(50,000,000)		(50,000,000)	(50,000,000)
Total Other Savings	-	-	-	-	(179,900,000)	(179,900,000)	-	(193,900,000)	(193,900,000)
Total Budget Lapse / Savings	(186,219,600)	(186,219,600)	-	(2,500,000)	(189,760,700)	(187,260,700)	(2,250,000)	(203,510,700)	(201,260,700)

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FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
General Government									
Governor's Office of Agricultural Policy									
1 General Fund (Tobacco)					12,545,000	12,545,000		4,909,000	4,909,000
Governor's Office for Local Development									
2 Expendable Trust Fund (KRS 42.4582)				2,200,000	2,200,000		2,200,000	2,200,000	
3 Other Special Revenue Fund	572,800	572,800							
Local Government Economic Development Fund									
4 Multi-County Fund - Debt Service (KRS 42.4588)				14,527,800	14,527,800		14,551,500	14,551,500	
Secretary of State									
5 Agency Revenue Fund (KRS 14.140)				1,347,000	1,347,000		1,347,000	1,347,000	
Attorney General									
6 Other Special Revenue Fund (KRS 367.964)					350,000	350,000		350,000	350,000
Accountancy									
7 Agency Revenue Fund (KRS 325.250)	440,000	440,000			57,800	57,800			
Architects									
8 Agency Revenue Fund	100,000	100,000			54,200	54,200			
Auctioneers									
9 Agency Revenue Fund (KRS 330.050(6))	35,000	35,000							
10 Recovery Fund (KRS 330.192)					312,200	312,200			
Certification for Professional Art Therapists									
11 Agency Revenue Fund (KRS 309.138)					13,600	13,600			

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Certification of Fee-Based Pastoral Counselors								
12 Agency Revenue Fund (KRS 335.650)				1,900	1,900			
Chiropractic Examiners								
13 Agency Revenue Fund				95,400	95,400			
Dentistry								
14 Agency Revenue Fund (KRS 313.350)	128,000	128,000		435,000	435,000			
Embalmers and Funeral Directors								
15 Agency Revenue Fund (KRS 316.125 and KRS 316.210)				113,300	113,300			
Examiners and Registration of Landscape Architects								
16 Agency Revenue Fund				53,000	53,000			
Examiners of Psychology								
17 Agency Revenue Fund (KRS 319.131)	90,000	90,000	45,000	101,400	56,400	45,000	45,000	
Hairdressers and Cosmetologists								
18 Agency Revenue Fund (KRS 317A.080)	280,000	280,000	50,000	138,000	88,000	50,000	50,000	
Interpreters for the Deaf and Hard of Hearing								
19 Agency Revenue Fund (KRS 309.306)				54,700	54,700			
Licensed Professional Counselors								
20 Agency Revenue Fund (KRS 335.520)	35,000	35,000	75,000	198,300	123,300	75,000	75,000	
Licensure and Certification for Dietitians and Nutritionists								
21 Agency Revenue Fund (KRS 310.041(7))	1,000	1,000		44,000	44,000			
Licensure for Massage Therapy								
22 Agency Revenue Fund (KRS 309.356)	14,000	14,000		146,700	146,700			
Licensure for Occupational Therapy								
23 Agency Revenue Fund (KRS 319A.060)	3,500	3,500	80,000	98,900	18,900	80,000	80,000	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Licensure for Professional Engineers and Land Surveyors									
24 Agency Revenue Fund (KRS 322.420)	470,000	470,000			320,400	320,400			
Licensure of Marriage and Family Therapists									
25 Agency Revenue Fund (KRS 335.342)					12,200	12,200			
Medical Licensure									
26 Agency Revenue Fund (KRS 311.610)	670,000	670,000		150,000	249,600	99,600			
Nursing									
27 Agency Revenue Fund (KRS 314.161)	1,700,000	1,700,000			343,700	343,700			
Optometric Examiners									
28 Agency Revenue Fund (KRS 320.360)	15,000	15,000			56,900	56,900			
Pharmacy									
29 Agency Revenue Fund (KRS 315.195)	190,000	190,000		300,000	300,000		300,000	300,000	
Physical Therapy									
30 Agency Revenue Fund (KRS 327.080)					281,100	281,100			
Podiatry									
31 Agency Revenue Fund (KRS 311.450(3))				25,000	25,000		25,000	25,000	
Private Investigators									
32 Agency Revenue Fund (KRS 329A.030)					35,800	35,800			
Proprietary Education									
33 Agency Revenue Fund (KRS 165A.380)				30,000	142,800	112,800	30,000	30,000	
Real Estate Appraisers									
34 Agency Revenue Fund (KRS 324A.065)					47,100	47,100			

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Real Estate Commission									
35 Agency Revenue Fund (KRS 324.410)	1,180,000	1,180,000							
Registration for Professional Geologists									
36 Agency Revenue Fund (KRS 322A.050)	50,000	50,000			126,000	126,000			
Respiratory Care									
37 Agency Revenue Fund (KRS 314A.215(3))	24,000	24,000			14,300	14,300			
Social Work									
38 Agency Revenue Fund (KRS 335.140)	83,000	83,000		80,000	101,600	21,600	80,000	80,000	
Speech-Language Pathology and Audiology									
39 Agency Revenue Fund (KRS 334A.120)	30,000	30,000		75,000	85,900	10,900	75,000	75,000	
Veterinary Examiners									
40 Agency Revenue Fund (KRS 321.320)	11,500	11,500			139,900	139,900			
Commerce Cabinet									
Tourism									
41 Agency Revenue Fund	1,086,600	1,086,600							
42 Agency Revenue Fund (KRS 142.406(2)(3))	1,000,000	1,000,000							
Fish and Wildlife Resources									
43 Kentucky Wetland and Stream Mitigation Fund (KRS 150.255(3)) A \$10,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to replace this transfer of funds to the General Fund.				10,000,000		(10,000,000)			

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Economic Development Cabinet									
Financial Incentives									
44 Kentucky Economic Development Finance Authority (KRS 154.20-010 to 154.20-150 and 154.20-520)				23,000,000	23,000,000				
45 Other Special Revenue Fund	1,197,000	1,197,000		1,200,000	1,200,000		1,200,000	1,200,000	
Balances remaining in the Special Revenue Fund accounts after all appropriations authorized in this bill shall lapse to the General Fund Surplus Account at the end of each fiscal year, except for funds held in escrow for payments of consultant fees.									
Existing Business Development									
46 Agency Revenue Fund	10,800	10,800							
Education Cabinet									
Kentucky Educational Television									
47 Agency Revenue Fund	2,000,000	2,000,000							
Environmental and Public Protection Cabinet									
General Administration and Program Support									
48 Kentucky Heritage Land Conservation Fund (KRS 146.570) A \$10,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to replace this transfer of funds to the General Fund.				10,000,000	10,000,000				
49 Kentucky Pride Trust Fund (KRS 224.43-505(1))				2,000,000	1,250,000	(750,000)		1,250,000	1,250,000
50 Kentucky Pride Trust Fund Pursuant to KRS 224.43-505(2)(a)3., these funds transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, A., 3., c.				2,006,300	2,006,300		2,006,300	2,006,300	
Natural Resources									
51 Agency Revenue Fund (KRS 146.570(3), 149.280(2), 149.670, 353.590(3))					250,000	250,000		250,000	250,000
Public Protection Commissioner									
52 Agency Revenue Fund				600,000	600,000		800,000	800,000	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Petroleum Storage Tank Environmental Assurance Fund									
53 Insurance Administration Fund (KRS 224.60-130, 224.60-140, 224.60-145, and 224.60-150) A \$25,000,000 capital appropriation from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.				65,000,000	65,000,000		16,500,000	16,500,000	
Alcoholic Beverage Control									
54 Agency Revenue Fund (KRS 243.025(1)(3))				500,000	500,000		350,000	350,000	
Board of Claims/Crime Victims' Compensation Board									
55 Agency Revenue Fund (KRS 346.185)							500,000	500,000	
Financial Institutions									
56 Agency Revenue Fund (KRS 286.01-485)	418,800	418,800		3,800,000	3,800,000		3,500,000	3,500,000	
Housing, Buildings and Construction									
57 Agency Revenue Fund (KRS 198B.090(10), 198B.095(2), 198B.615, 198B.676(2), 227.620(5), 227A.050(1)(2), 236.130(3), and 318.136)	600,000	600,000		1,300,000	1,300,000		1,800,000	1,800,000	
Insurance									
58 Agency Revenue Fund (KRS 304.2-300(1)(4), 304.2-400 and 304.2-440(4))				15,820,000	15,820,000		15,360,000	15,360,000	
59 Kentucky Access Fund (KRS 304.2-440(4) and 304-17B-021)				71,551,500	71,551,500		5,385,900	5,385,900	
60 Expendable Trust Fund (2006 Kentucky Acts Chapter 252, Part XXIII, Section 6)				16,750,000	16,750,000				
61 Fire and Tornado Insurance Fund (KRS 56.180)	1,000,000	1,000,000							

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Workers' Compensation Funding Commission									
62 Insurance Administration Fund (KRS 342.1227)				6,200,000	6,200,000				
Finance and Administration Cabinet									
General Administration									
63 Fleet Management Fund				4,272,400	4,272,400		1,500,000	1,500,000	
Controller									
64 Rural Development Trust Fund - Investment Income (KRS 248.655)	3,231,200	3,231,200							
65 Early Childhood Development Trust Fund - Investment Income (KRS 200.151)	252,400	252,400							
66 Health Care Improvement Trust Fund - Investment Income (KRS 194A.0550)	14,000	14,000							
67 Expendable Trust Fund				3,000,000	3,000,000				
Debt Service									
68 Unexpended Debt Service Tobacco Settlement - Phase I (KRS 248.655)	16,257,500	16,257,500							
Facilities and Support Services									
69 Property Management Fund					750,000	750,000		750,000	750,000
Commonwealth Office of Technology									
70 Computer Services Fund					1,500,000	1,500,000		1,500,000	1,500,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Finance and Administration									
71 Capital Construction Investment Income					3,300,000	3,300,000	30,083,400	32,783,400	2,700,000
Capital appropriations in the amount of \$17,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.									
72 Capital Construction Surplus Account (KRS 45.775)					500,000	500,000		500,000	500,000
Health and Family Services Cabinet									
General Administration and Program Support									
73 Malt Beverage Education Fund				450,000	450,000		450,000	450,000	
Commission for Children with Special Health Care Needs									
74 General Fund (Tobacco)					2,000	2,000		2,000	2,000
Mental Health and Mental Retardation Services									
75 General Fund (Tobacco)					175,000	175,000		175,000	175,000
Public Health									
76 Agency Revenue Fund (KRS 194A.050(4), 211.350(10), 211.848(2), 212.025(2), 217.125(2), 219.071, and 221.020(2))	50,900	50,900							
77 General Fund (Tobacco)					4,255,900	4,255,900		4,478,300	4,478,300
Health Policy									
78 Agency Revenue Fund (KRS 212.025(2))	200,000	200,000		43,700	43,700		43,700	43,700	
Human Support Services									
79 General Fund (Tobacco)					75,000	75,000		75,000	75,000
Community Based Services									
80 Agency Revenue Fund (KRS 186.040(5))	43,000	43,000							
81 General Fund (Tobacco)					1,550,000	1,550,000		1,800,000	1,800,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Personnel									
General Operations									
82 Agency Revenue Fund	97,600	97,600							
83 Other Special Revenue Fund	209,000	209,000							
Postsecondary Education									
Council on Postsecondary Education									
84 Postsecondary Workforce Development Trust Fund (KRS 164.7925)					10,000	10,000			
85 Lung Cancer Research Fund (KRS 164.476)					140,000	140,000			
86 Technology Initiative Trust Fund (KRS 164.7921)					50,000	50,000			
Kentucky Higher Education Assistance Authority									
87 Expendable Trust Fund (KRS 164.7891(11))	876,900	876,900							
88 Other Special Revenue Fund (KRS 164.7891(11))	483,900	483,900							
Transportation Cabinet									
Aviation									
89 Agency Revenue Fund (KRS 183.525(4))	2,300,000	2,300,000		3,468,000	4,882,100	1,414,100	3,468,000	4,781,300	1,313,300
90 Agency Revenue Fund	100,000	100,000							
Highways									
91 Other Special Revenue Funds					10,000,000	10,000,000			

The amount of the fund transfer shall be limited to the deposits to the other special revenue fund established in Part II, (10). In the event that the amount of the fund transfer made in fiscal year 2008-2009 is less than the full amount authorized, fund transfers may be made in fiscal year 2009-2010 up to a maximum biennial total of \$10,000,000.

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
FUND TRANSFERS PART V

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Vehicle Regulation									
92 Agency Revenue Fund (KRS 186.040(6)(a))	5,500,000	5,500,000		2,500,000	2,500,000				
93 Agency Revenue Fund							3,357,000	3,357,000	
94 Agency Revenue Fund (KRS 186.240(3))	900,000	900,000							
95 Agency Revenue Fund (KRS 186.040(6)(b))					9,800,000	9,800,000		4,000,000	4,000,000
TOTAL TRANSFERS	43,952,400	43,952,400		262,446,700	301,654,400	39,207,700	105,162,800	129,215,400	24,052,600

FB 2008-2010 FINAL BUDGET MEMORANDUM
2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
ROAD FUND SUMMARY

Governmental Branch: Executive
Cabinet/Function: Transportation

Agency: Cabinet Summary
Unit:

	FY 2007-2008			FY 2008-2009			FY 2009-2010		
	Branch	General Assembly	Difference	Branch	General Assembly	Difference	Branch	General Assembly	Difference
<u>RESOURCES</u>									
Beginning Undesignated Balance									
Revenue Receipts/Estimates	1,282,801,400	1,282,801,400	-	1,324,806,400	1,324,806,400	-	1,405,103,400	1,405,103,400	-
Previous Year-End Surplus	21,163,300	21,163,300	-	-	-	-	-	-	-
Fund Transfers									
Non-Budgetary Transfers									
Non-Budgetary Receipts to Surplus									
TOTAL RESOURCES	1,303,964,700	1,303,964,700	-	1,324,806,400	1,324,806,400	-	1,405,103,400	1,405,103,400	-
<u>APPROPRIATIONS/EXPENDITURES</u>									
TRANSPORTATION CABINET									
General Administration & Support	78,887,600	78,887,600	-	72,590,100	74,390,100	1,800,000	74,369,900	74,769,900	400,000
Aviation	4,000,000	4,000,000	-	3,000,000	11,414,100	8,414,100	3,000,000	11,313,300	8,313,300
Revenue Sharing	265,848,100	265,848,100	-	287,800,600	287,698,900	(101,700)	318,180,600	318,070,100	(110,500)
Highways	681,874,600	681,874,600	-	698,551,400	680,624,200	(17,927,200)	777,149,700	755,167,500	(21,982,200)
Vehicle Regulation	18,234,700	18,234,700	-	19,262,800	26,417,600	7,154,800	20,622,700	27,277,100	6,654,400
Debt Service	181,143,200	181,143,200	-	148,513,000	148,513,000	-	136,599,000	136,599,000	-
Capital Budget	6,795,000	6,795,000	-	27,192,000	17,992,000	(9,200,000)	7,280,000	4,150,000	(3,130,000)
TOTAL-TRANSPORTATION	1,236,783,200	1,236,783,200	-	1,256,909,900	1,247,049,900	(9,860,000)	1,337,201,900	1,327,346,900	(9,855,000)
DEPT. OF TREASURY	250,000	250,000	-	250,000	250,000	-	250,000	250,000	-
JUSTICE CABINET									
Kentucky State Police	50,000,000	50,000,000	-	50,000,000	60,000,000	10,000,000	50,000,000	60,000,000	10,000,000
Motor Vehicle Enforcement	13,881,500	13,881,500	-	13,881,500	13,881,500	-	13,881,500	13,881,500	-
FINANCE & ADMINISTRATION CABINET									
Department of Administration	400,000	400,000	-	400,000	400,000	-	400,000	400,000	-
Department of Revenue	2,000,000	2,000,000	-	2,325,000	2,325,000	-	2,325,000	2,325,000	-
HOMELAND SECURITY	350,000	350,000	-	250,000	250,000	-	250,000	250,000	-
Environmental and Public Protection	300,000	300,000	-	300,000	300,000	-	300,000	300,000	-
COMMERCE CABINET									
Artisan's Center	-	-	-	350,000	350,000	-	350,000	350,000	-
Kentucky Heritage Council	-	-	-	140,000	-	(140,000)	145,000	-	(145,000)
TOTAL APPROP./EXPENDITURES	1,303,964,700	1,303,964,700	-	1,324,806,400	1,324,806,400	-	1,405,103,400	1,405,103,400	-

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FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Commonwealth of Kentucky

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	
General Fund	9,325,592,600	9,325,793,600	201,000	9,258,984,400	9,400,888,100	141,903,700	9,524,976,500	9,700,594,100	175,617,600
Restricted Funds	5,535,750,900	5,535,750,900		5,120,290,100	5,508,952,700	388,662,600	5,121,556,300	5,414,522,300	292,966,000
Federal Funds	7,557,426,900	7,557,426,900		7,661,300,300	7,700,377,900	39,077,600	7,890,526,300	7,961,049,100	70,522,800
Road Fund	1,297,169,700	1,297,169,700		1,297,614,400	1,306,814,400	9,200,000	1,397,823,400	1,400,953,400	3,130,000
Highway Bond	395,755,300	395,755,300		50,000,000	110,000,000	60,000,000			
Regular Total Funds	24,217,747,900	24,217,948,900	201,000	23,507,879,200	24,146,723,100	638,843,900	24,056,462,500	24,598,698,900	542,236,400
Use of Continuing	75,708,400	75,708,400		21,320,800	20,960,100	(360,700)	6,200,300	5,839,600	(360,700)
TOTAL FUNDS	24,293,456,300	24,293,657,300	201,000	23,529,200,000	24,167,683,200	638,483,200	24,062,662,800	24,604,538,500	541,875,700
II. EXPENDITURE CATEGORY									
Personnel Costs	5,378,428,700	5,378,229,700	(199,000)	5,374,328,100	5,492,344,300	118,016,200	5,466,499,400	5,674,614,600	208,115,200
Operating Expenses	2,569,067,800	2,569,467,800	400,000	2,557,990,600	2,615,671,300	57,680,700	2,598,705,700	2,722,598,700	123,893,000
Grants, Loans, Benefits	13,641,080,700	13,641,080,700		13,518,093,300	13,696,271,700	178,178,400	13,848,330,300	14,066,146,000	217,815,700
Debt Service	766,612,400	766,612,400		844,130,000	856,661,400	12,531,400	861,965,500	886,411,600	24,446,100
Capital Outlay	202,543,700	202,543,700		183,087,000	194,301,500	11,214,500	182,764,000	198,373,500	15,609,500
Construction	1,735,723,000	1,735,723,000		1,051,571,000	1,312,433,000	260,862,000	1,104,397,900	1,056,394,100	(48,003,800)
TOTAL EXPENDITURES	24,293,456,300	24,293,657,300	201,000	23,529,200,000	24,167,683,200	638,483,200	24,062,662,800	24,604,538,500	541,875,700
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		104,464,100	106,895,000	2,430,900	105,410,500	107,840,000	2,429,500
General Fund	9,175,289,300	9,175,289,300		8,949,658,400	8,942,460,700	(7,197,700)	8,948,286,700	8,927,700,100	(20,586,600)
Restricted Funds	5,523,259,800	5,485,299,400	(37,960,400)	5,082,310,200	5,238,278,200	155,968,000	5,090,451,300	5,368,987,500	278,536,200
Federal Funds	7,371,124,800	7,366,908,000	(4,216,800)	7,288,752,200	7,316,295,600	27,543,400	7,253,840,600	7,312,536,300	58,695,700
Road Fund	1,297,071,600	1,297,071,600		1,255,053,600	1,243,345,100	(11,708,500)	1,277,196,300	1,288,169,400	10,973,100
Highway Bond	395,755,300	395,755,300							
Regular Total Funds	23,868,553,300	23,826,376,100	(42,177,200)	22,680,238,500	22,847,274,600	167,036,100	22,675,185,400	23,005,233,300	330,047,900
Use of Continuing	75,708,400	75,708,400		21,320,800	20,960,100	(360,700)	6,200,300	5,839,600	(360,700)
TOTAL BASE LEVEL	23,944,261,700	23,902,084,500	(42,177,200)	22,701,559,300	22,868,234,700	166,675,400	22,681,385,700	23,011,072,900	329,687,200
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund (Tobacco)				15,225,900	12,795,000	(2,430,900)	16,169,500	13,740,000	(2,429,500)
General Fund	150,303,300	150,504,300	201,000	309,326,000	458,427,400	149,101,400	576,689,800	772,894,000	196,204,200
Restricted Funds	12,491,100	50,451,500	37,960,400	37,979,900	270,674,500	232,694,600	31,105,000	45,534,800	14,429,800
Federal Funds	186,302,100	190,518,900	4,216,800	372,548,100	384,082,300	11,534,200	636,685,700	648,512,800	11,827,100
Road Fund	98,100	98,100		42,560,800	63,469,300	20,908,500	120,627,100	112,784,000	(7,843,100)
Highway Bond				50,000,000	110,000,000	60,000,000			
TOTAL ADDITIONAL	349,194,600	391,572,800	42,378,200	827,640,700	1,299,448,500	471,807,800	1,381,277,100	1,593,465,600	212,188,500

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

Commonwealth of Kentucky

Capital Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds	5,000,000	16,360,600	11,360,600	1,596,600,701	2,083,019,901	486,419,200	33,238,200	60,897,100	27,658,900
Federal Funds				109,333,700	130,183,700	20,850,000	14,046,500	14,046,500	
Road Fund				27,192,000	17,992,000	(9,200,000)	7,280,000	4,150,000	(3,130,000)
Bond Funds	5,700,000	5,700,000		632,755,000	749,581,000	116,826,000			
Agency Bonds	23,500,000	54,200,000	30,700,000	499,742,000	589,013,000	89,271,000			
Capital Construction Surplus				3,000,000	2,500,000	(500,000)			
Investment Income				7,601,000	4,301,000	(3,300,000)	10,501,000	7,801,000	(2,700,000)
Other Funds	67,000,000	113,730,000	46,730,000	535,607,000	746,458,000	210,851,000	2,909,000	2,159,000	(750,000)
TOTAL CAPITAL	101,200,000	189,990,600	88,790,600	3,411,831,401	4,323,048,601	911,217,200	67,974,700	89,053,600	21,078,900

Executive Branch

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	
General Fund	9,000,498,700	9,000,699,700	201,000	8,867,125,200	9,082,339,400	215,214,200	9,081,905,100	9,349,255,700	267,350,600
Restricted Funds	5,510,300,000	5,510,300,000		5,086,617,300	5,465,279,900	378,662,600	5,092,548,900	5,375,514,900	282,966,000
Federal Funds	7,554,353,800	7,554,353,800		7,660,168,900	7,699,246,500	39,077,600	7,889,355,700	7,959,878,500	70,522,800
Road Fund	1,297,169,700	1,297,169,700		1,297,614,400	1,306,814,400	9,200,000	1,397,823,400	1,400,953,400	3,130,000
Highway Bond	395,755,300	395,755,300		50,000,000	110,000,000	60,000,000			
Regular Total Funds	23,864,130,000	23,864,331,000	201,000	23,081,215,800	23,783,370,200	702,154,400	23,583,213,100	24,207,182,500	623,969,400
Use of Continuing	82,292,300	82,292,300		10,442,800	10,082,100	(360,700)	4,710,900	4,350,200	(360,700)
TOTAL FUNDS	23,946,422,300	23,946,623,300	201,000	23,091,658,600	23,793,452,300	701,793,700	23,587,924,000	24,211,532,700	623,608,700
II. EXPENDITURE CATEGORY									
Personnel Costs	5,140,293,300	5,140,094,300	(199,000)	5,080,219,100	5,250,603,200	170,384,100	5,157,351,000	5,427,521,300	270,170,300
Operating Expenses	2,461,841,700	2,462,241,700	400,000	2,423,626,600	2,492,249,900	68,623,300	2,441,810,300	2,582,476,200	140,665,900
Grants, Loans, Benefits	13,641,080,700	13,641,080,700		13,518,093,300	13,696,271,700	178,178,400	13,848,330,300	14,066,146,000	217,815,700
Debt Service	766,612,400	766,612,400		844,130,000	856,661,400	12,531,400	861,965,500	886,411,600	24,446,100
Capital Outlay	200,871,200	200,871,200		174,018,600	185,233,100	11,214,500	174,069,000	192,583,500	18,514,500
Construction	1,735,723,000	1,735,723,000		1,051,571,000	1,312,433,000	260,862,000	1,104,397,900	1,056,394,100	(48,003,800)
TOTAL EXPENDITURES	23,946,422,300	23,946,623,300	201,000	23,091,658,600	23,793,452,300	701,793,700	23,587,924,000	24,211,532,700	623,608,700
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	106,052,500	106,052,500		104,464,100	106,895,000	2,430,900	105,410,500	107,840,000	2,429,500
General Fund	8,850,195,400	8,850,195,400		8,623,459,500	8,626,597,300	3,137,800	8,615,869,200	8,603,171,500	(12,697,700)
Restricted Funds	5,497,808,900	5,459,848,500	(37,960,400)	5,055,182,100	5,202,454,900	147,272,800	5,061,443,900	5,338,222,200	276,778,300
Federal Funds	7,368,051,700	7,363,834,900	(4,216,800)	7,287,620,800	7,315,164,200	27,543,400	7,252,670,000	7,311,365,700	58,695,700
Road Fund	1,297,071,600	1,297,071,600		1,255,053,600	1,243,345,100	(11,708,500)	1,277,196,300	1,288,169,400	10,973,100
Highway Bond	395,755,300	395,755,300							
Regular Total Funds	23,514,935,400	23,472,758,200	(42,177,200)	22,325,780,100	22,494,456,500	168,676,400	22,312,589,900	22,648,768,800	336,178,900
Use of Continuing	82,292,300	82,292,300		10,442,800	10,082,100	(360,700)	4,710,900	4,350,200	(360,700)
TOTAL BASE LEVEL	23,597,227,700	23,555,050,500	(42,177,200)	22,336,222,900	22,504,538,600	168,315,700	22,317,300,800	22,653,119,000	335,818,200
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund (Tobacco)				15,225,900	12,795,000	(2,430,900)	16,169,500	13,740,000	(2,429,500)
General Fund	150,303,300	150,504,300	201,000	243,665,700	455,742,100	212,076,400	466,035,900	746,084,200	280,048,300
Restricted Funds	12,491,100	50,451,500	37,960,400	31,435,200	262,825,000	231,389,800	31,105,000	37,292,700	6,187,700
Federal Funds	186,302,100	190,518,900	4,216,800	372,548,100	384,082,300	11,534,200	636,685,700	648,512,800	11,827,100
Road Fund	98,100	98,100		42,560,800	63,469,300	20,908,500	120,627,100	112,784,000	(7,843,100)
Highway Bond				50,000,000	110,000,000	60,000,000			
TOTAL ADDITIONAL	349,194,600	391,572,800	42,378,200	755,435,700	1,288,913,700	533,478,000	1,270,623,200	1,558,413,700	287,790,500

Executive Branch

Capital Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds	5,000,000	16,360,600	11,360,600	1,596,600,701	2,083,019,901	486,419,200	33,238,200	60,897,100	27,658,900
Federal Funds				109,333,700	130,183,700	20,850,000	14,046,500	14,046,500	
Road Fund				27,192,000	17,992,000	(9,200,000)	7,280,000	4,150,000	(3,130,000)
Bond Funds	5,700,000	5,700,000		603,931,000	749,581,000	145,650,000			
Agency Bonds	23,500,000	54,200,000	30,700,000	499,742,000	589,013,000	89,271,000			
Capital Construction Surplus				3,000,000	2,500,000	(500,000)			
Investment Income				7,601,000	4,301,000	(3,300,000)	10,501,000	7,801,000	(2,700,000)
Other Funds	67,000,000	113,730,000	46,730,000	535,607,000	746,458,000	210,851,000	2,909,000	2,159,000	(750,000)
TOTAL CAPITAL	101,200,000	189,990,600	88,790,600	3,383,007,401	4,323,048,601	940,041,200	67,974,700	89,053,600	21,078,900

Judicial Branch

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	274,911,700	274,911,700		339,146,300	265,835,800	(73,310,500)	387,618,800	295,885,800	(91,733,000)
Restricted Funds	25,259,900	25,259,900		33,583,200	43,583,200	10,000,000	28,790,400	38,790,400	10,000,000
Federal Funds	3,073,100	3,073,100		1,131,400	1,131,400		1,170,600	1,170,600	
Regular Total Funds	303,244,700	303,244,700		373,860,900	310,550,400	(63,310,500)	417,579,800	335,846,800	(81,733,000)
Use of Continuing	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
TOTAL FUNDS	294,427,900	294,427,900		385,892,900	322,582,400	(63,310,500)	418,088,200	336,355,200	(81,733,000)

II. EXPENDITURE CATEGORY

Personnel Costs	196,040,400	196,040,400		252,423,600	200,055,700	(52,367,900)	262,179,000	200,123,900	(62,055,100)
Operating Expenses	97,692,500	97,692,500		125,920,900	114,978,300	(10,942,600)	147,434,200	130,661,300	(16,772,900)
Capital Outlay	695,000	695,000		7,548,400	7,548,400		8,475,000	5,570,000	(2,905,000)
TOTAL EXPENDITURES	294,427,900	294,427,900		385,892,900	322,582,400	(63,310,500)	418,088,200	336,355,200	(81,733,000)

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	274,911,700	274,911,700		273,486,000	263,150,500	(10,335,500)	276,964,900	269,076,000	(7,888,900)
Restricted Funds	25,259,900	25,259,900		27,038,500	35,733,700	8,695,200	28,790,400	30,548,300	1,757,900
Federal Funds	3,073,100	3,073,100		1,131,400	1,131,400		1,170,600	1,170,600	
Regular Total Funds	303,244,700	303,244,700		301,655,900	300,015,600	(1,640,300)	306,925,900	300,794,900	(6,131,000)
Use of Continuing	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
TOTAL BASE LEVEL	294,427,900	294,427,900		313,687,900	312,047,600	(1,640,300)	307,434,300	301,303,300	(6,131,000)

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				65,660,300	2,685,300	(62,975,000)	110,653,900	26,809,800	(83,844,100)
Restricted Funds				6,544,700	7,849,500	1,304,800		8,242,100	8,242,100
TOTAL ADDITIONAL				72,205,000	10,534,800	(61,670,200)	110,653,900	35,051,900	(75,602,000)

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Judicial Branch

Capital Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				28,824,000		(28,824,000)			
TOTAL CAPITAL				28,824,000		(28,824,000)			

Legislative Branch

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Restricted Funds	191,000	191,000		89,600	89,600		217,000	217,000	
Regular Total Funds	50,373,200	50,373,200		52,802,500	52,802,500		55,669,600	55,669,600	
Use of Continuing	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
TOTAL FUNDS	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	

II. EXPENDITURE CATEGORY

Personnel Costs	42,095,000	42,095,000		41,685,400	41,685,400		46,969,400	46,969,400	
Operating Expenses	9,533,600	9,533,600		8,443,100	8,443,100		9,461,200	9,461,200	
Capital Outlay	977,500	977,500		1,520,000	1,520,000		220,000	220,000	
TOTAL EXPENDITURES	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Restricted Funds	191,000	191,000		89,600	89,600		217,000	217,000	
Regular Total Funds	50,373,200	50,373,200		52,802,500	52,802,500		55,669,600	55,669,600	
Use of Continuing	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
TOTAL BASE LEVEL	52,606,100	52,606,100		51,648,500	51,648,500		56,650,600	56,650,600	

Legislative Branch

Capital Budget

Summary Totals

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY CABINET									
Executive Branch									
General Government	1,049,802,800	1,050,102,800	300,000	963,993,900	958,753,600	(5,240,300)	1,000,377,600	986,711,500	(13,666,100)
Commerce Cabinet	222,967,200	222,967,200		209,359,800	216,506,600	7,146,800	212,577,100	218,080,900	5,503,800
Economic Development Cabinet	55,077,400	55,077,400		27,520,800	29,332,500	1,811,700	30,000,900	31,798,900	1,798,000
Department of Education	4,491,672,200	4,491,672,200		4,526,375,900	4,577,659,000	51,283,100	4,548,288,600	4,640,890,400	92,601,800
Education Cabinet	874,572,800	874,672,800	100,000	857,170,400	858,681,000	1,510,600	853,995,600	855,506,200	1,510,600
Environmental and Public Protection Cabinet	614,416,000	614,416,000		559,674,700	565,817,700	6,143,000	583,626,100	582,685,700	(940,400)
Finance and Administration Cabinet	551,572,100	551,572,100		729,598,700	729,348,700	(250,000)	729,327,100	727,750,100	(1,577,000)
Health and Family Services Cabinet	7,123,237,800	7,123,237,800		7,221,261,200	7,285,265,600	64,004,400	7,498,174,900	7,561,802,900	63,628,000
Justice and Public Safety Cabinet	876,399,100	876,200,100	(199,000)	858,148,100	858,264,100	116,000	890,353,800	888,715,800	(1,638,000)
Personnel	49,171,100	49,171,100		56,261,900	70,256,200	13,994,300	57,632,600	87,194,800	29,562,200
Postsecondary Education	5,105,364,100	5,105,364,100		4,957,260,100	5,239,769,000	282,508,900	4,984,559,400	5,446,699,200	462,139,800
Transportation Cabinet	2,849,877,400	2,849,877,400		2,114,590,300	2,393,716,200	279,125,900	2,194,299,400	2,179,346,100	(14,953,300)
Branch Totals	23,864,130,000	23,864,331,000	201,000	23,081,215,800	23,783,370,200	702,154,400	23,583,213,100	24,207,182,500	623,969,400
Judicial Branch									
Judicial Branch	303,244,700	303,244,700		373,860,900	310,550,400	(63,310,500)	417,579,800	335,846,800	(81,733,000)
Branch Totals	303,244,700	303,244,700		373,860,900	310,550,400	(63,310,500)	417,579,800	335,846,800	(81,733,000)
Legislative Branch									
Legislative Branch	50,373,200	50,373,200		52,802,500	52,802,500		55,669,600	55,669,600	
Branch Totals	50,373,200	50,373,200		52,802,500	52,802,500		55,669,600	55,669,600	
Regular Appropriation	24,217,747,900	24,217,948,900	201,000	23,507,879,200	24,146,723,100	638,843,900	24,056,462,500	24,598,698,900	542,236,400

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY CABINET									
Executive Branch									
General Government	31,800,100	31,800,100		35,291,000	35,041,000	(250,000)	36,234,600	34,917,600	(1,317,000)
Department of Education	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,616,000	91,000
Environmental and Public Protection Cabinet	28,180,200	28,180,200		28,551,300	28,551,300		28,881,900	28,881,900	
Finance and Administration Cabinet	6,604,900	6,604,900		15,691,500	15,691,500		15,692,900	15,692,900	
Health and Family Services Cabinet	29,255,400	29,255,400		30,121,700	30,121,700		30,641,600	30,641,600	
Justice and Public Safety Cabinet	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
Postsecondary Education	6,680,100	6,680,100		6,586,100	6,836,100	250,000	6,680,600	7,906,600	1,226,000
Branch Totals	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	
Regular Appropriation	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
CONTINUED RESERVE SPENDING SUMMARY BY CABINET									
Executive Branch									
General Government	8,149,000	8,149,000		12,942,800	12,942,800		6,960,900	6,960,900	
Department of Education	1,258,800	1,258,800							
Environmental and Public Protection Cabinet	12,340,800	12,340,800							
Finance and Administration Cabinet	9,017,500	9,017,500							
Health and Family Services Cabinet	6,009,000	6,009,000							
Justice and Public Safety Cabinet	271,700	271,700							
Postsecondary Education	208,600	208,600							
BranchTotals	37,255,400	37,255,400		12,942,800	12,942,800		6,960,900	6,960,900	
Reserve Spending	37,255,400	37,255,400		12,942,800	12,942,800		6,960,900	6,960,900	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY CABINET									
Executive Branch									
General Government	654,823,400	655,123,400	300,000	573,768,100	566,324,800	(7,443,300)	615,191,500	600,281,400	(14,910,100)
Commerce Cabinet	64,739,400	64,739,400		51,908,900	52,892,900	984,000	53,375,800	53,015,800	(360,000)
Economic Development Cabinet	50,950,600	50,950,600		24,065,300	25,877,000	1,811,700	26,504,100	28,302,100	1,798,000
Department of Education	3,753,906,000	3,753,906,000		3,793,472,800	3,844,755,900	51,283,100	3,815,385,500	3,907,896,300	92,510,800
Education Cabinet	89,021,900	89,121,900	100,000	78,564,800	80,075,400	1,510,600	78,786,400	80,297,000	1,510,600
Environmental and Public Protection Cabinet	104,276,000	104,276,000		85,809,300	85,952,300	143,000	92,274,100	92,333,700	59,600
Finance and Administration Cabinet	389,987,800	389,987,800		555,219,300	557,219,300	2,000,000	551,559,600	552,232,600	673,000
Health and Family Services Cabinet	1,897,275,600	1,897,275,600		1,877,502,500	1,924,136,800	46,634,300	1,979,159,300	2,024,940,500	45,781,200
Justice and Public Safety Cabinet	652,803,400	652,604,400	(199,000)	632,538,700	621,904,700	(10,634,000)	661,765,800	649,377,800	(12,388,000)
Personnel	(1,080,100)	(1,080,100)		2,380,700	16,075,000	13,694,300	2,380,700	31,642,900	29,262,200
Postsecondary Education	1,340,701,200	1,340,701,200		1,186,716,600	1,301,947,100	115,230,500	1,196,987,100	1,323,315,400	126,328,300
Transportation Cabinet	3,093,500	3,093,500		5,178,200	5,178,200		8,535,200	5,620,200	(2,915,000)
Branch Totals	9,000,498,700	9,000,699,700	201,000	8,867,125,200	9,082,339,400	215,214,200	9,081,905,100	9,349,255,700	267,350,600
Judicial Branch									
Judicial Branch	274,911,700	274,911,700		339,146,300	265,835,800	(73,310,500)	387,618,800	295,885,800	(91,733,000)
Branch Totals	274,911,700	274,911,700		339,146,300	265,835,800	(73,310,500)	387,618,800	295,885,800	(91,733,000)
Legislative Branch									
Legislative Branch	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Branch Totals	50,182,200	50,182,200		52,712,900	52,712,900		55,452,600	55,452,600	
Regular Appropriation	9,325,592,600	9,325,793,600	201,000	9,258,984,400	9,400,888,100	141,903,700	9,524,976,500	9,700,594,100	175,617,600

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
CONTINUED RESERVE SPENDING SUMMARY BY CABINET									
Executive Branch									
General Government	4,978,700	4,978,700							
Economic Development Cabinet	10,376,200	10,376,200							
Department of Education	20,700,100	20,700,100							
Environmental and Public Protection Cabinet	1,155,200	1,155,200		(2,500,000)	(2,860,700)	(360,700)	(2,250,000)	(2,610,700)	(360,700)
Health and Family Services Cabinet	426,100	426,100							
Justice and Public Safety Cabinet	205,600	205,600							
Personnel	3,842,500	3,842,500							
Postsecondary Education	(3,700)	(3,700)							
Transportation Cabinet	3,356,200	3,356,200							
BranchTotals	45,036,900	45,036,900		(2,500,000)	(2,860,700)	(360,700)	(2,250,000)	(2,610,700)	(360,700)
Judicial Branch									
Judicial Branch	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
BranchTotals	(8,816,800)	(8,816,800)		12,032,000	12,032,000		508,400	508,400	
Legislative Branch									
Legislative Branch	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
BranchTotals	2,232,900	2,232,900		(1,154,000)	(1,154,000)		981,000	981,000	
Reserve Spending	38,453,000	38,453,000		8,378,000	8,017,300	(360,700)	(760,600)	(1,121,300)	(360,700)

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY CABINET									
Executive Branch									
General Government	156,477,600	156,477,600		158,623,100	160,826,100	2,203,000	156,537,200	158,848,200	2,311,000
Commerce Cabinet	145,929,400	145,929,400		143,635,200	148,286,100	4,650,900	145,267,000	149,695,000	4,428,000
Economic Development Cabinet	3,971,400	3,971,400		3,255,600	3,255,600		3,292,500	3,292,500	
Department of Education	9,536,400	9,536,400		4,831,300	4,831,300		4,831,300	4,831,300	
Education Cabinet	45,495,000	45,495,000		40,375,500	40,375,500		39,647,500	39,647,500	
Environmental and Public Protection Cabinet	404,780,400	404,780,400		369,471,700	375,471,700	6,000,000	379,347,400	378,347,400	(1,000,000)
Finance and Administration Cabinet	150,804,400	150,804,400		154,562,900	152,312,900	(2,250,000)	157,949,600	155,699,600	(2,250,000)
Health and Family Services Cabinet	876,077,800	876,077,800		867,474,600	874,258,700	6,784,100	851,412,500	858,319,600	6,907,100
Justice and Public Safety Cabinet	113,386,900	113,386,900		116,659,000	117,409,000	750,000	119,788,000	120,538,000	750,000
Personnel	50,251,200	50,251,200		53,881,200	54,181,200	300,000	55,251,900	55,551,900	300,000
Postsecondary Education	3,066,960,800	3,066,960,800		3,069,553,800	3,209,992,500	140,438,700	3,080,957,400	3,357,790,600	276,833,200
Transportation Cabinet	486,628,700	486,628,700		104,293,400	324,079,300	219,785,900	98,266,600	92,953,300	(5,313,300)
Branch Totals	5,510,300,000	5,510,300,000		5,086,617,300	5,465,279,900	378,662,600	5,092,548,900	5,375,514,900	282,966,000
Judicial Branch									
Judicial Branch	25,259,900	25,259,900		33,583,200	43,583,200	10,000,000	28,790,400	38,790,400	10,000,000
Branch Totals	25,259,900	25,259,900		33,583,200	43,583,200	10,000,000	28,790,400	38,790,400	10,000,000
Legislative Branch									
Legislative Branch	191,000	191,000		89,600	89,600		217,000	217,000	
Branch Totals	191,000	191,000		89,600	89,600		217,000	217,000	
Regular Appropriation	5,535,750,900	5,535,750,900		5,120,290,100	5,508,952,700	388,662,600	5,121,556,300	5,414,522,300	292,966,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY CABINET									
Executive Branch									
General Government	206,101,700	206,101,700		195,811,700	196,061,700	250,000	191,914,300	192,164,300	250,000
Commerce Cabinet	12,298,400	12,298,400		13,325,700	14,977,600	1,651,900	13,439,300	15,020,100	1,580,800
Economic Development Cabinet	155,400	155,400		199,900	199,900		204,300	204,300	
Department of Education	726,621,400	726,621,400		726,546,800	726,546,800		726,546,800	726,546,800	
Education Cabinet	740,055,900	740,055,900		738,230,100	738,230,100		735,561,700	735,561,700	
Environmental and Public Protection Cabinet	76,879,400	76,879,400		75,542,400	75,542,400		82,822,700	82,822,700	
Finance and Administration Cabinet	1,775,000	1,775,000		1,400,000	1,400,000		1,400,000	1,400,000	
Health and Family Services Cabinet	4,320,629,000	4,320,629,000		4,446,162,400	4,456,748,400	10,586,000	4,636,961,500	4,647,901,200	10,939,700
Justice and Public Safety Cabinet	44,403,900	44,403,900		43,145,500	43,145,500		42,995,100	42,995,100	
Postsecondary Education	691,022,000	691,022,000		694,403,600	720,993,300	26,589,700	699,934,300	757,686,600	57,752,300
Transportation Cabinet	734,411,700	734,411,700		725,400,800	725,400,800		757,575,700	757,575,700	
Branch Totals	7,554,353,800	7,554,353,800		7,660,168,900	7,699,246,500	39,077,600	7,889,355,700	7,959,878,500	70,522,800
Judicial Branch									
Judicial Branch	3,073,100	3,073,100		1,131,400	1,131,400		1,170,600	1,170,600	
Branch Totals	3,073,100	3,073,100		1,131,400	1,131,400		1,170,600	1,170,600	
Regular Appropriation	7,557,426,900	7,557,426,900		7,661,300,300	7,700,377,900	39,077,600	7,890,526,300	7,961,049,100	70,522,800

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
ROAD FUND									
REGULAR APPROPRIATIONS SUMMARY BY CABINET									
Executive Branch									
General Government	600,000	600,000		500,000	500,000		500,000	500,000	
Commerce Cabinet				490,000	350,000	(140,000)	495,000	350,000	(145,000)
Environmental and Public Protection Cabinet	300,000	300,000		300,000	300,000		300,000	300,000	
Finance and Administration Cabinet	2,400,000	2,400,000		2,725,000	2,725,000		2,725,000	2,725,000	
Justice and Public Safety Cabinet	63,881,500	63,881,500		63,881,500	73,881,500	10,000,000	63,881,500	73,881,500	10,000,000
Transportation Cabinet	1,229,988,200	1,229,988,200		1,229,717,900	1,229,057,900	(660,000)	1,329,921,900	1,323,196,900	(6,725,000)
Branch Totals	1,297,169,700	1,297,169,700		1,297,614,400	1,306,814,400	9,200,000	1,397,823,400	1,400,953,400	3,130,000
Regular Appropriation	1,297,169,700	1,297,169,700		1,297,614,400	1,306,814,400	9,200,000	1,397,823,400	1,400,953,400	3,130,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

OPERATING BUDGET

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

HIGHWAY BOND

REGULAR APPROPRIATIONS SUMMARY BY CABINET

Executive Branch

Transportation Cabinet	395,755,300	395,755,300	50,000,000	110,000,000	60,000,000
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Branch Totals	395,755,300	395,755,300	50,000,000	110,000,000	60,000,000
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Regular Appropriation	395,755,300	395,755,300	50,000,000	110,000,000	60,000,000
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FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY
BOND PROJECT RECORD

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly
Bond Funds											
	609,631,000		609,631,000		730,281,000		730,281,000	2,531,000	2,531,000	39,316,000	38,341,000
General Government											
	187,900,000		187,900,000		376,200,000		376,200,000	2,531,000	2,531,000	14,838,000	23,330,000
Veteran Affairs											
1 Fourth State Veterans Nursing Home				20	10,500,000		10,500,000				
Governors Office of Agricultural Policy											
2 Kentucky Agriculture Heritage Center				20	10,000,000		10,000,000				884,000 *
Kentucky Infrastructure Authority											
3 Fund A Federally Assisted Wastewater Program	20	4,000,000	4,000,000		4,000,000		4,000,000			269,000 *	357,000 *
4 Fund F Drinking Water Revolving Loan Program	20	4,000,000	4,000,000		4,000,000		4,000,000			269,000 *	357,000 *
5 Infrastructure for Economic Development Fund for Coal-Producing Counties	20	50,000,000	50,000,000		75,000,000		75,000,000			4,420,000 *	5,525,000 *
6 Infrastructure for Economic Development Fund for Non-Coal-Producing Counties				20	150,000,000		150,000,000				6,630,000
Governors Office for Local Development											
7 Community Development Projects-Lake Malone State Park Improvements	20	200,000	200,000							12,000	
8 Community Development Projects-Pikeville Medical Center	20	1,500,000	1,500,000							69,000	
9 Flood Control Matching Funds	20	2,200,000	2,200,000		2,200,000		2,200,000			99,000	99,000
10 Louisville Zoo- Glacier Run	20	6,000,000	6,000,000							266,000	
Agriculture											
11 Animal Shelters	7	2,500,000	2,500,000		3,000,000		3,000,000			223,000	267,000
Kentucky River Authority											
12 Kentucky River Locks and Dams Maintenance and Renovations Pool	20	17,500,000	17,500,000		17,500,000		17,500,000			774,000	774,000
School Facilities Construction Commission											
13 Offers of Assistance - 2006-2008	20	100,000,000	100,000,000		100,000,000		100,000,000	2,531,000	2,531,000	8,437,000 *	8,437,000 *
Commerce											
	24,000,000		24,000,000		14,954,000		14,954,000			1,242,000	848,000
Parks											
14 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000		4,000,000		4,000,000			265,000	270,000
15 Parks Renovation Pool	20	8,000,000	8,000,000							354,000	

* - Denotes Full-year debt service

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly
State Fair Board											
16 Upgrade HVAC Systems	20	2,000,000	2,000,000		2,000,000		2,000,000			181,000 *	181,000 *
Fish and Wildlife Resources											
17 Kentucky Wetland and Stream Mitigation Fund	20	10,000,000	10,000,000							442,000	
Kentucky Center for the Arts											
18 Major Maintenance & Renovation Pool	20				8,954,000		8,954,000				397,000
Economic Development											
		50,000,000	50,000,000		50,000,000		50,000,000			2,210,000	2,210,000
Financial Incentives											
19 Economic Development Bonds	20	50,000,000	50,000,000		50,000,000		50,000,000			2,210,000	2,210,000
Department of Education											
		18,250,000	18,250,000		6,000,000		6,000,000			1,229,000	361,000
Operation and Support Services											
20 FFA Leadership Training Center Renovation	20				2,000,000		2,000,000				91,000
21 Knowledge Management Portal	10	3,250,000	3,250,000							221,000	
22 On-Line Assessment	10	15,000,000	15,000,000							1,008,000	
23 Student Data Management System - Phase 2	10				4,000,000		4,000,000				270,000
Environmental and Public Protection											
		37,000,000	37,000,000		37,000,000		37,000,000			2,212,000	2,212,000
General Administration											
24 Heritage Land Conservation Program	20	10,000,000	10,000,000		10,000,000		10,000,000			442,000	442,000
Environmental Protection											
25 State Owned Dam Repair	20	2,000,000	2,000,000		2,000,000		2,000,000			91,000	91,000
Petroleum Storage Tank Environmental Assurance Fund											
26 Petroleum Underground Storage Tank	10	25,000,000	25,000,000		25,000,000		25,000,000			1,679,000	1,679,000
Finance and Administration											
		26,000,000	26,000,000		104,000,000		104,000,000			1,327,000	1,200,000
Facilities and Support Services											
27 Bluegrass Turns Green Private Sector Loan Fund	20				30,000,000		30,000,000				

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly
28 Bluegrass Turns Green Public Sector Grant Fund				20	50,000,000		50,000,000				
29 Maintenance Pool - 2008-2010	10	8,000,000	8,000,000		6,000,000		6,000,000			531,000	404,000
Commonwealth Office of Technology											
30 Public Safety Communications Infrastructure-Additional	20	18,000,000	18,000,000		18,000,000		18,000,000			796,000	796,000
Health and Family Services											
		24,000,000	24,000,000		15,000,000		15,000,000			1,152,000	1,179,000
General Administration											
31 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000		3,000,000		3,000,000			265,000	204,000
Mental Health/Mental Retardation											
32 Construct Hazelwood Intermediate Care Facility	20				10,000,000		10,000,000				884,000 *
33 Construct New Glasgow State Nursing Facility	20	18,000,000	18,000,000							796,000	
Community Based Services											
34 Brooklawn Child and Family Services	20	2,000,000	2,000,000		2,000,000		2,000,000			91,000	91,000
Justice and Public Safety											
		43,799,000	43,799,000		4,000,000		4,000,000			2,024,000	270,000
Corrections											
35 Expand Little Sandy Correctional Complex ²⁰		39,799,000	39,799,000							1,759,000	
36 Maintenance Pool - 2008-2010	10	4,000,000	4,000,000		4,000,000		4,000,000			265,000	270,000
Postsecondary Education											
		173,682,000	173,682,000		113,127,000		113,127,000			9,725,000	6,289,000
Council on Postsecondary Education											
37 Capital Renewal and Maintenance Pool	20	13,927,000	13,927,000		13,927,000		13,927,000			1,231,000 *	1,231,000 *
38 Information Technology and Equipment Acquisitions Pool	7	10,000,000	10,000,000							884,000	
39 Regional University Excellence Trust Fund ²⁰		10,000,000	10,000,000		10,000,000		10,000,000			503,000	503,000
40 Research Challenge Trust Fund	20	50,000,000	50,000,000		57,500,000		57,500,000			2,516,000	2,893,000
41 Research Support/Lab Renovation and Equipment	20	6,000,000	6,000,000							267,000	
Eastern Kentucky University											
42 EKV-UK Dairy Research Project (Meadowbrook Farm)	20	5,300,000	5,300,000							471,000 *	

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly
Kentucky State University											
43 Expand and Renovate Betty White Nursing Building	20	4,900,000	4,900,000							218,000	
Morehead State University											
44 Construct Business Continuance Datacenter	20	2,500,000	2,500,000							112,000	
45 Replace Power Plant Pollution Control System and Boiler Tube	20	5,700,000	5,700,000		5,700,000		5,700,000			507,000 *	507,000 *
University of Kentucky											
46 Expand and Upgrade Livestock Disease Diagnostic Center Phase II	20	13,500,000	13,500,000		20,000,000		20,000,000			597,000	885,000
47 Renovate 4-H Camps				20	2,000,000		2,000,000				91,000
Western Kentucky University											
48 Construct Materials Characterization/ICSET-Phase II	20	4,500,000	4,500,000							201,000	
49 Renovate Science Campus Phase III	20	9,000,000	9,000,000							398,000	
50 Replace Ford College of Business-Grise Hall Phase I	20	5,800,000	5,800,000							258,000	
Kentucky Community and Technical College System											
51 Advanced Technology Center-Owensboro CTC	20	14,055,000	14,055,000							622,000	
52 Construct Carrollton Campus-Jefferson CTC	20	12,000,000	12,000,000							531,000	
53 Energy and Advanced Technology Center-Madisonville CC	20	4,000,000	4,000,000							179,000	
54 LCC Classroom/Lab Building - Additional Reauthorization (\$31,741,000 Bond Funds)				20	4,000,000		4,000,000				179,000
55 Licking Valley Campus-Phase II-Maysville CC	20	1,000,000	1,000,000							93,000 *	
56 Rowan County Campus-Planning and Design	20	1,500,000	1,500,000							137,000 *	
Transportation											
		25,000,000	25,000,000		10,000,000		10,000,000			3,357,000	442,000
Highways											
57 Wetland Restoration	20				10,000,000		10,000,000				442,000
Vehicle Regulation											
58 Replace AVIS System	10	25,000,000	25,000,000							3,357,000 *	

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly
Agency Bonds			523,242,000		523,242,000	643,213,000	643,213,000	2,714,000		46,337,000	36,587,000
General Government			3,700,000		3,700,000	237,400,000	237,400,000			331,000	661,000
Kentucky Infrastructure Authority											
59 Fund A Federally Assisted Wastewater Program				20	200,000,000		200,000,000				
60 Fund F Drinking Water Revolving Loan Program				20	30,000,000		30,000,000				
Military Affairs											
61 Bluegrass Station - Infrastructure Improvements	20	3,700,000	3,700,000		4,400,000		4,400,000			331,000 *	392,000 *
62 Purchase Land for the Northern Kentucky National Guard Armory				20	3,000,000		3,000,000				269,000 *
Postsecondary Education											
Eastern Kentucky University			519,542,000		519,542,000	405,813,000	405,813,000	2,714,000		46,006,000	35,926,000
63 Construct New Student Housing	20	21,000,000	21,000,000		21,000,000		21,000,000			1,857,000 *	1,857,000 *
64 Renovate Residence Hall	20	10,000,000	10,000,000		10,000,000		10,000,000			884,000 *	884,000 *
65 EKU-UK Dairy Research Project (Meadowbrook Farm)				20	5,300,000		5,300,000				471,000 *
Kentucky State University											
66 Construct Parking Structure	20	7,000,000	7,000,000		7,000,000		7,000,000			620,000 *	620,000 *
67 Expand/Renovate, Construct, or Acquire Existing Structure for the Betty White Nursing Complex				20	4,900,000		4,900,000				436,000 *
Morehead State University											
68 Capital Renewal & Maintenance Pool - Auxiliary	20	1,383,000	1,383,000							127,000 *	
69 Comply with ADA - Auxiliary	20	2,727,000	2,727,000							245,000 *	
70 Construct Campus Recreation Center	20	39,000,000	39,000,000		39,000,000		39,000,000			3,448,000 *	3,448,000 *
71 Construct Food Services Facility in Housing Complex	20	8,251,000	8,251,000							731,000 *	
72 Construct Parking Structure	20	7,000,000	7,000,000							620,000 *	
73 Renovate Alumni Tower Residence Hall	20	4,631,000	4,631,000		4,631,000		4,631,000			413,000 *	413,000 *
74 Renovate Mignon Tower Residence Hall	20	5,682,000	5,682,000		5,682,000		5,682,000			505,000 *	505,000 *
75 Construct Business Continuance Datacenter				20	2,500,000		2,500,000				224,000 *

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly
Murray State University											
76	Abate Asbestos: H&D Pool <\$600,000	20	1,423,000							130,000 *	
77	Complete ADA Compliance: H&D Pool<\$600,000	20	744,000							71,000 *	
78	Complete Capital Renewal: H&D Pool <\$600,000	20	7,617,000		7,617,000		7,617,000			675,000 *	675,000 *
79	Complete Life Safety Project: H&D Pool<\$600,000	20	388,000							40,000 *	
80	Renovate Buildings: H&D Pool <\$600,000	20	605,000		605,000		605,000			59,000 *	59,000 *
81	Renovate Curris Center T-Room & Food Service Equipment	20	908,000							86,000 *	
82	Renovate Regents Hall	20	10,220,000							904,000 *	
83	Renovate White Hall	20	9,600,000							850,000 *	
84	Replace Franklin Hall	20	15,000,000		15,000,000		15,000,000			1,326,000 *	1,326,000 *
85	Replace Richmond Hall - Additional	20	1,923,000							174,000 *	
86	New Residential College - Richmond Hall - Additional Reauthorization (\$13,077,000 Agency Bonds)	20			1,923,000		1,923,000				174,000 *
Northern Kentucky University											
87	Acquire & Renovate Residence Halls	20	23,500,000		23,500,000		23,500,000			2,078,000 *	2,078,000 *
88	Construct Health Innovations Center	20			43,650,000		43,650,000				3,859,000 *
89	Construct Parking Garage #4	20	11,500,000							1,017,000 *	
90	Construct/Acquire New Residence Hall	20	30,000,000							2,652,000 *	
91	Renovate Old Science Building	20			27,500,000		27,500,000				2,431,000 *
92	Renovate/Expand Norse Commons	20	7,000,000		7,000,000		7,000,000			620,000 *	620,000 *
University of Kentucky											
93	Construct New Housing	20	28,000,000							2,475,000 *	
94	Renovate Blazer Hall Cafeteria	20	2,800,000		2,800,000		2,800,000			252,000 *	252,000 *
95	Renovate Student Center Food Court	20	2,675,000		2,675,000		2,675,000			241,000 *	241,000 *
96	Sanitary Sewer Expansion	20	10,000,000							884,000 *	
97	Sanitary Sewer/Underground Utilities Expansion and Replacement	20			10,000,000		10,000,000				884,000 *
98	Upgrade Existing Dorms for Housing	20	7,000,000							620,000 *	
University of Louisville											
99	Construct - Health Sciences Campus Parking Structure II	20	30,700,000		30,700,000		30,700,000		2,714,000 *	2,714,000 *	2,714,000 *
100	Construct - Health Sciences Campus Parking Structure III	20	38,735,000							3,425,000 *	
101	Construct - Health Sciences Campus Research III Additional	20	15,800,000		15,800,000		15,800,000			1,397,000 *	1,397,000 *

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Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly
102	Construct Westside Dining Facility	20	5,370,000		5,370,000		5,370,000			477,000 *	477,000 *
103	Expand Student Activities Center	20	9,960,000		9,960,000		9,960,000			881,000 *	881,000 *
104	Expand/Renovate Dental School	20	38,700,000		38,700,000		38,700,000			3,421,000 *	3,421,000 *
105	Purchase - Central Station Property	20	9,000,000							796,000 *	
Western Kentucky University											
106	Acquire Property and Construct Parking Lots	20	4,600,000		4,600,000		4,600,000			409,000 *	409,000 *
107	Expand Preston Center - Phase II Construction	20	11,500,000		11,500,000		11,500,000			1,017,000 *	1,017,000 *
108	Renovate Downing University Center Phase III	20	46,000,000							4,067,000 *	
109	Renovate Garrett Conference Center Phase I	20	4,000,000							357,000 *	
110	Construct Materials Characterization/ICSET-Phase II			20	4,500,000		4,500,000				401,000 *
111	Renovate Ivan Wilson Center Phase I	20	9,200,000		9,200,000		9,200,000			814,000 *	814,000 *
112	Renovate Science Campus Phase III			20	9,000,000		9,000,000				796,000 *
113	Renovate Van Meter Hall	20	18,400,000		18,400,000		18,400,000			1,627,000 *	1,627,000 *
114	Replace Ford College of Business-Grise Hall Phase I			20	5,800,000		5,800,000				515,000 *

Road Fund Bonds		50,000,000	50,000,000	135,000,000	135,000,000	2,652,000	2,210,000	10,871,000
Transportation		50,000,000	50,000,000	135,000,000	135,000,000	2,652,000	2,210,000	10,871,000
Highways								
115 (3) Economic Development Road Bonds	20	50,000,000	50,000,000	50,000,000	50,000,000		2,210,000	2,210,000
116 (4) Economic Development Road Bonds	20			60,000,000	60,000,000	2,652,000		5,304,000 *
Vehicle Regulation								
117 Replace AVIS System	10			25,000,000	25,000,000			3,357,000 *

* - Denotes Full-year debt service

Boxed dollar amounts in project lines signify a change from prior version. Bond terms only displayed if changed from previous version.

Biennial Project Scope (bond terms noted)								FY 2009 Appropriated Debt Service		FY 2010 Appropriated Debt Service	
Branch				General Assembly							
Term	FY 2009	FY 2010	TOTAL	Term	FY 2009	FY 2010	TOTAL	Branch	General Assembly	Branch	General Assembly

Summary

Bond Funds	609,631,000		609,631,000		730,281,000		730,281,000	2,531,000	2,531,000	39,316,000	38,341,000
Agency Bonds	523,242,000		523,242,000		643,213,000		643,213,000		2,714,000	46,337,000	36,587,000
Road Fund Bonds	50,000,000		50,000,000		135,000,000		135,000,000		2,652,000	2,210,000	10,871,000
Totals	1,182,873,000		1,182,873,000		1,508,494,000		1,508,494,000	2,531,000	7,897,000	87,863,000	85,799,000

Note 1: The bonds proposed for the Bluegrass Turns Green Private Sector Loan Fund in the Finance Cabinet and the Research Challenge Trust Fund and Regional University Excellence Trust Fund through the CPE are assumed to be taxable.

Note 2: Project No.99 is authorized in the current year, fiscal year 2007-2008.

Note 3: Included in the Transportation Cabinet budget is a Federal Fund appropriation in the amount of \$12,410,800 in fiscal year 2008-2009 and \$24,821,600 in fiscal year 2009-2010 for debt service on GARVEE bonds.

The debt service will generate approximately \$231 million in Bond Funds.

Note 4: Project Nos. 5 and 6, and the issuance of GARVEE bonds reflect actions taken by the 2008 General Assembly in House Bill 410.

Note 5: Project Nos. 27 and 28 reflect actions taken by the 2008 General Assembly in House Bill 2.

Note 6: House Bill 408 (The Judicial Branch Budget) as introduced included General Fund support of \$1,289,500 for debt service to support \$28.8 million in Bond Funds for a three story 115,000 square foot facility to house Administrative Office of the Courts functions. HB 408 as enacted and vetoed did not include the General Fund appropriation or the project.

* - Denotes Full-year debt service

Boxed dollar amounts in project lines signify a change from prior version. Bond terms only displayed if changed from previous version.

General Parts

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PART II

BRANCH BUDGET

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes the following directives:

(1) Capital Construction Fund Appropriations and Reauthorizations: Moneys in the Capital Construction Fund are appropriated for the following capital projects subject to the conditions and procedures in this Act. Items listed without appropriated amounts are previously authorized for which no additional amount is required. These items are listed in order to continue their current authorization into the 2008-2010 fiscal biennium. Unless otherwise specified, reauthorized projects shall conform to the original authorization enacted by the General Assembly.

(2) Expiration of Existing Line-Item Capital Construction Projects: All appropriations to existing line-item capital construction projects expire on June 30, 2008, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2008; (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; and (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2006-2008 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c).

(3) Bond Proceeds Investment Income: Investment income earned from bond proceeds beyond that which is required to satisfy Internal Revenue Service arbitrage rebates and penalties and excess bond proceeds upon the completion of a bond-financed capital project shall be used to pay debt service according to the Internal Revenue Service Code and accompanying regulations. Notwithstanding KRS 48.010(13)(b) and 48.720 or any other provision of this Act, any funds appropriated but not required to pay debt service because of this fund source substitution shall be credited to the Statewide Deferred Maintenance Fund account each year. Unneeded debt service resulting from any other circumstance shall lapse in accordance with KRS 48.010(13)(b) and 48.720 and any other provision of this Act except for the following: if the fund balance in the Emergency Repair, Maintenance, and Replacement Account falls below \$5,000,000 in fiscal year 2008-2009, any debt service lapse necessary to bring the fund balance to \$5,000,000 in that fiscal year may be credited to the Emergency Repair, Maintenance, and Replacement Account. No transfer to the Emergency Repair, Maintenance, and Replacement Account, or the Statewide Deferred Maintenance Fund account, shall be made based on the above provisions if the lapse from other General Fund accounts is insufficient to meet appropriations approved in other Parts of this Act.

(4) Appropriations for Projects Not Line-Itemized: Inasmuch as the identification of specific projects in a variety of areas of the

PART II

state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Bond-funded maintenance pools; the Postsecondary Education Institutions Technology and Equipment Pool; the Postsecondary Education Institutions Research Support - Lab Renovation and Equipment Pool; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee.

(5) Bond Issues for Tobacco and Non-Coal Producing Counties: Any authorized bond project from the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties may be financed from any associated bond issue for the Infrastructure for Economic Development Fund for Tobacco Counties, Water and Sewer Resource Development Fund for Tobacco Counties, and Infrastructure for Economic Development Fund for Non-Coal Producing Counties.

(6) Capital Construction and Equipment Purchase Contingency Account: If funds in the Capital Construction and Equipment Purchase Contingency Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(7) Emergency Repair, Maintenance, and Replacement Account: If funds in the Emergency Repair, Maintenance, and Replacement Account are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act.

(8) Postsecondary Education Institutions - Vetoed General Fund Bond Projects: Notwithstanding KRS 45.760, each postsecondary education institution budget unit that has capital projects funded with General Fund supported bond funds appropriated in Part II, Capital Projects Budget, K, 3., 4., 5., 8., 10., and 11., that were also included in Partial Veto Number 4 of 2006 House Bill 380 (2006 Ky. Acts ch. 252), may request to reallocate all or a portion of those bond fund appropriations to another capital project. The request shall be made to the Council on Postsecondary Education. The request shall provide the amount to be reallocated, the

PART II

project to which the reallocation is requested with a full description of that project, and the justification for the reallocation. Upon the approval of the Council on Postsecondary Education, the Council shall submit the request to the Secretary of the Finance and Administration Cabinet for approval. Upon the approval by the Secretary of the Finance and Administration Cabinet and prior to the execution of the reallocation, the Secretary must report the action to the Capital Projects and Bond Oversight Committee of the Legislative Research Commission at a regularly scheduled monthly meeting.

(9) Council on Postsecondary Education - Capital Renewal and Maintenance Pool: The Capital Renewal and Maintenance Pool appropriated to the Council on Postsecondary Education provides funding for individual postsecondary education institutions to be recommended by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously identified and recommended by the Council for funding in the 2008-2010 fiscal biennium. The Council shall require matching funds from the institutions. Any individual project exceeding \$600,000 must be included in this Act.

(10) Council on Postsecondary Education - Information Technology and Equipment Acquisitions Pool: The Technology and Equipment Pool appropriated to the Council on Postsecondary Education will provide funds to upgrade and replace technology supporting the Kentucky Virtual University and Virtual Library, and also provide funds to institutions to purchase new or replacement campus-based information technology and instructional equipment. Any individual project exceeding \$600,000 must be included in this Act.

(11) Council on Postsecondary Education - Research Support/Lab Renovation and Equipment Pool: The Research Support/Lab Renovation and Equipment Pool appropriated to the Council on Postsecondary Education provides a pool of funds for Research Support to include lab renovations and research equipment. Two-thirds of the funding will be distributed to the University of Kentucky and one-third of the funding will be distributed to the University of Louisville. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.

(12) Military Affairs - Source of Funds for Maintenance Projects: Royalties received from the sale of natural resources at the Wendell H. Ford Regional Training Center in excess of the amount included in the 2008-2010 enacted budget to be deposited in the General Fund, up to \$250,000 in each fiscal year, shall be deposited to a capital maintenance pool for the Department of Military Affairs and used to match federal funds received for maintenance, renovation, and repair of the Department's facilities and major items of equipment.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

PART II

The General Assembly modifies Part II, Capital Budget, language provisions as follows:

(2) Expiration of Existing Line-Item Capital Construction Projects: All appropriations to existing line-item capital construction projects expire on June 30, 2008, unless reauthorized in this Act with the following exceptions: (a) A construction contract for the project shall have been awarded by June 30, 2008; or (b) Permanent financing or a short-term line of credit sufficient to cover the total authorized project scope shall have been obtained in the case of projects authorized for bonds, provided that the authorized project completes an initial draw on the line of credit within the biennium immediately subsequent to the original authorization; or (c) Grant or loan agreements, if applicable, shall have been finalized and properly signed by all necessary parties. Notwithstanding the criteria set forth in this subsection, the disposition of 2006-2008 biennium nonstatutory appropriated maintenance pools funded from Capital Construction Investment Income shall remain subject to the provisions of KRS 45.770(4)(c).

(4) Appropriations for Projects Not Line-Itemized: - Inasmuch as the identification of specific projects in a variety of areas of the state government cannot be ascertained with absolute certainty at this time, amounts are appropriated for specific purposes to projects which are not individually identified in this Act in the following areas: Kentucky Infrastructure Authority Water and Sewer Projects, and Broadband Projects; Kentucky River Authority Locks and Dams Renovation and Maintenance Pool; Repair of State-Owned Dams; Land Acquisition; Property Demolition; Guaranteed Energy Savings projects; Wetland and Stream Mitigation; Economic Development projects, which shall include authorization for the High-Tech Construction Pool and the High-Tech Investment Pool; Infrastructure projects; Capital Renewal and Maintenance Pool; Heritage Land Conservation projects; Flood Control projects; Parks Renovation Pool; Parks Development Pool; Kentucky Center for the Arts Major Maintenance Renovation Pool; Bond-funded maintenance pools; and University Major Items of Equipment Pools. Any projects estimated to cost over \$600,000 and equipment estimated to cost over \$200,000 shall be reported to the Capital Projects and Bond Oversight Committee no later than 30 days after the allocation associated with the project or equipment item is made. The report shall identify the need for, and provide a brief description of, each project or equipment item.

(9) Council on Postsecondary Education - Capital Renewal and Maintenance Pool: The Capital Renewal and Maintenance Pool appropriated to the Council on Postsecondary Education provides funding for individual postsecondary education institutions to be recommended by the Council on Postsecondary Education to the Secretary of the Finance and Administration Cabinet from the project listings previously identified and recommended by the Council for funding in the 2008-2010 fiscal biennium. The Council shall require matching funds from the institutions. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.

The General Assembly amends Part II, Capital Budget, by removing the following language:

PART II

(8) Postsecondary Education Institutions - Vetoed General Fund Bond Projects: Notwithstanding KRS 45.760, each postsecondary education institution budget unit that has capital projects funded with General Fund supported bond funds appropriated in Part II, Capital Projects Budget, K, 3., 4., 5., 8., 10., and 11., that were also included in Partial Veto Number 4 of 2006 House Bill 380 (2006 Ky. Acts ch. 252), may request to reallocate all or a portion of those bond fund appropriations to another capital project. The request shall be made to the Council on Postsecondary Education. The request shall provide the amount to be reallocated, the project to which the reallocation is requested with a full description of that project, and the justification for the reallocation. Upon the approval of the Council on Postsecondary Education, the Council shall submit the request to the Secretary of the Finance and Administration Cabinet for approval. Upon the approval by the Secretary of the Finance and Administration Cabinet and prior to the execution of the reallocation, the Secretary must report the action to the Capital Projects and Bond Oversight Committee of the Legislative Research Commission at a regularly scheduled monthly meeting.

(10) Council on Postsecondary Education - Information Technology and Equipment Acquisitions Pool: The Technology and Equipment Pool appropriated to the Council on Postsecondary Education will provide funds to upgrade and replace technology supporting the Kentucky Virtual University and Virtual Library, and also provide funds to institutions to purchase new or replacement campus-based information technology and instructional equipment. Any individual project exceeding \$600,000 must be included in this Act.

(11) Council on Postsecondary Education - Research Support/Lab Renovation and Equipment Pool: The Research Support/Lab Renovation and Equipment Pool appropriated to the Council on Postsecondary Education provides a pool of funds for Research Support to include lab renovations and research equipment. Two-thirds of the funding will be distributed to the University of Kentucky and one-third of the funding will be distributed to the University of Louisville. Any individual project exceeding \$600,000 or any major item of equipment exceeding \$200,000 must be included in this Act.

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 514, Section 1, provides the following:

"On page 127, line 3 of the 2008 Regular Session HB 406/EN, before the word "Heritage", insert "Research Capital Match Program Pool of the Research Challenge Trust Fund;"

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Part III - General Provisions

BRANCH BUDGET

The State/Executive Branch Budget Bill, Part III, General Provisions includes the following directives:

1. Funds Designations: Restricted Funds designated in the biennial budget bills are classified in the state financial records and reports as the Agency Revenue Fund, State Enterprise Funds (State Parks, State Fair Board, Insurance Administration, and Kentucky Horse Park), Internal Services Funds (Fleet Management, Computer Services, Correctional Industries, Central Printing, Risk Management, and Property Management), and selected Fiduciary Funds (Other Expendable Trust Funds). Separate funds records and reports shall be maintained in a manner consistent with the branch budget bills.

The sources of Restricted Funds appropriations in this Act shall include all fees (which includes fees for room and board, athletics, and student activities) and rentals, admittances, sales, bond proceeds, licenses collected by law, gifts, subventions, contributions, income from investments, and other miscellaneous receipts produced or received by a budget unit, except as otherwise specifically provided, for the purposes, use, and benefit of the budget unit as authorized by law. Restricted Funds receipts shall be credited and allotted to the respective fund or account out of which a specified appropriation is made in this Act. All receipts of Restricted Funds shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

The sources of Federal Funds appropriations in this Act shall include federal subventions, grants, contracts, or other Federal Funds received, income from investments, and other miscellaneous federal receipts received by a budget unit, the Unemployment Compensation Fund, except as otherwise provided, for the purposes, use, and benefit of the budget unit as authorized by law. Federal Funds receipts shall be credited and allotted to the respective fund account out of which a specified appropriation is made in this Act. All Federal Funds receipts shall be deposited in the State Treasury and credited to the proper account as provided in KRS Chapters 12, 42, 45, and 48.

2. Expenditure of Excess Restricted Funds or Federal Funds Receipts: If receipts received or credited to the Restricted Funds accounts or Federal Funds accounts of a budget unit during fiscal year 2008-2009 or fiscal year 2009-2010, and any balance forwarded to the credit of these same accounts from the previous fiscal year, exceed the appropriation made by specific sum for these accounts of the budget unit as provided in Part I, Operating Budget, of this Act, for the fiscal year in which the excess occurs, the excess funds in the accounts of the budget unit shall become available for expenditure for the purpose of the account during the fiscal year only upon compliance with the conditions and procedures specified in KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810 and this Act, and with the authorization of the State Budget Director and approval of the Secretary of the Finance and Administration Cabinet.

Part III - General Provisions

Prior to authorizing the appropriation of any excess, unbudgeted Restricted Funds pursuant to this section, the State Budget Director and the Secretary of the Finance and Administration Cabinet shall review the adequacy of the General Fund Surplus Account with respect to its availability to support authorized expenditures from the General Fund Surplus Account, known as Necessary Government Expenses. In the event that General Fund Surplus Account moneys are determined by this review to be adequate to meet known or anticipated Necessary Government Expenses during fiscal year 2008-2009 or fiscal year 2009-2010, respectively, then the appropriation increase may be approved. In the event that the review indicates that there are insufficient funds available or reasonably estimated to become available to the General Fund Surplus Account to meet known or projected Necessary Government Expenses for the fiscal years enumerated above, the State Budget Director may disapprove the request for additional Restricted Funds expenditure authority and may direct the excess Restricted Funds identified to the General Fund Surplus Account in order to meet Necessary Government Expense obligations. The results of any review shall be reported to the Interim Joint Committee on Appropriations and Revenue in accordance with KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810.

Any request made by a budget unit pursuant to KRS 48.630 that relates to Restricted Funds or Federal Funds shall include documentation showing a comparative statement of revised estimated receipts by fund source and the proposed expenditures by proposed use, with the appropriated sums specified in the Budget of the Commonwealth, and statements which explain the cause, source, and use for any variances which may exist.

Each budget unit shall submit its reports in print and electronic format consistent with the Restricted Funds and Federal Funds records contained in the fiscal biennium 2008-2010 Branch Budget Request Manual and according to the following schedule in each fiscal year: (a) On or before the beginning of each fiscal year; (b) On or before October 1; (c) On or before January 1; and (d) On or before April 1.

3. Interim Appropriation Increases: No appropriation from any fund source shall exceed the sum specified in this Act until the agency has documented the necessity, purpose, use, and source, and the documentation has been submitted to the Interim Joint Committee on Appropriations and Revenue for its review and action in accordance with KRS 48.630. Proposed revisions to an appropriation contained in the enacted State/Executive Budget or allotment of an unbudgeted appropriation shall conform to the conditions and procedures of KRS 48.630 and this Act.

Part III - General Provisions

Notwithstanding KRS 48.630(3), (4), and (5), any proposed and recommended actions to increase appropriations for funds specified in Section 2. of this Part shall be scheduled consistent with the timetable contained in that section in order to provide continuous and timely budget information.

4. Revision of Appropriation Allotments: Allotments within appropriated sums for the activities and purposes contained in the enacted State/Executive Budget shall conform to KRS 48.610 and may be revised pursuant to KRS 48.605 and this Act.

5. Appropriations Expenditure Purpose and Transfer Restrictions: Funds appropriated in this Act shall not be expended for any purpose not specifically authorized by the General Assembly in this Act nor shall funds appropriated in this Act be transferred to or between any cabinet, department, board, commission, institution, agency, or budget unit of state government unless specifically authorized by the General Assembly in this Act and the provisions of KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810. Compliance with the provisions of this section shall be reviewed and determined by the Interim Joint Committee on Appropriations and Revenue.

6. Permitted Appropriation Obligations: No state agency, cabinet, department, office, or program shall incur any obligation against the General Fund or Road Fund appropriations contained in this Act unless the obligation may be reasonably determined to have been contemplated in the enacted budget and is based upon supporting documentation considered by the General Assembly, legislative and executive records, and the statutory budget memorandum.

7. Lapse of General Fund or Road Fund Appropriations Supplanted by Federal Funds: Any General Fund or Road Fund appropriation made in anticipation of a lack, loss, or reduction of Federal Funds shall lapse to the General Fund or Road Fund Surplus Account, respectively, to the extent the Federal Funds otherwise become available.

8. Federally Funded Agencies: A state agency entitled to Federal Funds, which would represent 100 percent of the cost of a program, shall conform to KRS 48.730.

9. Lapse of General Fund or Road Fund Excess Debt Service Appropriations: Pursuant to KRS 48.720, any excess General Fund or Road Fund debt service shall lapse to the respective surplus account unless otherwise directed in this Act.

10. Statutes in Conflict: All statutes and portions of statutes in conflict with any of the provisions of this Act, to the extent of the conflict, are suspended unless otherwise provided by this Act.

Part III - General Provisions

11. Construction of Budget Provisions on Statutory Budget Administration Powers and Duties: Nothing in this Act is to be construed as amending or altering the provisions of Chapters 42, 45, and 48 of the Kentucky Revised Statutes pertaining to the duties and powers of the Secretary of the Finance and Administration Cabinet except as otherwise provided in this Act.

12. Interpretation of Appropriations: All questions that arise in interpreting any appropriation in this Act as to the purpose or manner for which the appropriation may be expended shall be decided by the Secretary of the Finance and Administration Cabinet pursuant to KRS 48.500, and the decision of the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

13. Publication of the Budget of the Commonwealth: The State Budget Director shall cause the Governor's Office for Policy and Management, within 60 days of adjournment of the 2008 Regular Session of the General Assembly, to publish a final enacted budget document, styled the Budget of the Commonwealth, based upon the Legislative Budget, State/Executive Budget and Judicial Budget as enacted by the 2008 Regular Session, as well as other Acts which contain appropriation provisions for the 2008-2010 fiscal biennium, and based upon supporting documentation and legislative records as considered by the 2008 Regular Session, and the statutory budget memorandum. This document shall include, for each agency and budget unit, a consolidated budget summary statement of available regular and continuing appropriated revenue by fund source, corresponding appropriation allocations by program or subprogram as appropriate, budget expenditures by principal budget class and for the State/Executive Budget, and any other fiscal data and commentary considered necessary for budget execution by the Governor's Office for Policy and Management and oversight by the Interim Joint Committee on Appropriations and Revenue. The enacted State/Executive Budget shall be revised or adjusted only upon approval by the Governor's Office for Policy and Management as provided in each Part of this Act and by KRS 48.400, 48.500, 48.600, 48.605, 48.610, 48.620, 48.630, 48.700, 48.705, 48.710, 48.720, 48.730, 48.800, and 48.810, and upon review and action by the Interim Joint Committee on Appropriations and Revenue.

14. State Financial Condition: Pursuant to KRS 48.400, the State Budget Director shall monitor and report on the financial condition of the Commonwealth.

15. Prorating Administrative Costs: The Secretary of the Finance and Administration Cabinet is authorized to establish a system or formula or a combination of both for prorating the administrative costs of the Finance and Administration Cabinet, the Department of the Treasury, and the Office of the Attorney General relative to the administration of programs in which there is joint participation by the state and federal governments for the purpose of receiving the maximum amount of participation permitted under the appropriate federal laws and regulations governing the programs. The receipts and allotments under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue prior to any transfer of funds.

Part III - General Provisions

16. Construction of Budget Provisions Regarding Executive Reorganization Orders: Nothing in this Act shall be construed to confirm or ratify, under KRS 12.027 or 12.028, any executive reorganization order unless the executive order was confirmed or ratified by appropriate amendment to the Kentucky Revised Statutes in another Act of the 2008 Regular Session of the General Assembly. If any executive reorganization order issued from sine die adjournment of the 2007 Regular Session to sine die adjournment of the 2008 Regular Session was not confirmed by the 2008 Regular Session of the General Assembly, the Secretary of the Finance and Administration Cabinet shall, in consultation with agency heads and with notification to the Legislative Research Commission, transfer the balance of funds for any affected program or function for fiscal year 2007-2008 and any related appropriations and funds for each of the next two fiscal years from the budget unit in which the program or function was placed by the executive reorganization order to the budget unit in which the program or function resided prior to the reorganization action or in which it was placed by action of the 2008 Regular Session of the General Assembly.

17. Budget Planning Report: By August 15, 2009, the State Budget Director, in conjunction with the Consensus Forecasting Group, shall provide to each branch of government, pursuant to KRS 48.117, a budget planning report.

18. Tax Expenditure Revenue Loss Estimates: By October 15, 2009, the Office of State Budget Director shall provide to each branch of government detailed estimates for the General Fund and Road Fund for the current and next two fiscal years of the revenue loss effected by tax expenditures. The Department of Revenue shall provide assistance and furnish data which is not restricted by KRS 131.190. "Tax expenditure" means an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate. The estimates shall include for each tax expenditure the amount of revenue loss, a citation of the legal authority for the tax expenditure, the year in which it was enacted, and the tax year in which it became effective.

19. Duplicate Appropriations: Any appropriation item and sum in Parts I to X of this Act and in an appropriation provision in any Act of the 2008 Regular Session which constitutes a duplicate appropriation shall be governed by KRS 48.312.

20. Priority of Individual Appropriations: KRS 48.313 shall control when a total or subtotal figure in this Act conflicts with the sum of the appropriations of which it consists.

21. Severability of Budget Provisions: Appropriation items and sums in Parts I to X of this Act shall conform to KRS 48.311. If any section, any subsection, or any provision is found by a court of competent jurisdiction in a final, unappealable order to be invalid or unconstitutional, the decision of the courts shall not affect or impair any of the remaining sections, subsections, or provisions.

**Fiscal Biennium 2008-2010
Budget Modification Report**

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Part III - General Provisions

22. Unclaimed Lottery Prize Money: For fiscal year 2008-2009 and fiscal year 2009-2010, all unclaimed lottery prize money under KRS 154A.110(3) shall be credited to the Kentucky Educational Excellence Scholarship Reserve Account to be held as a subsidiary account within the Finance and Administration Cabinet for the purpose of funding the KEES Program as appropriated in this Act. If the Kentucky Higher Education Assistance Authority certifies to the State Budget Director that the appropriations in this Act for the KEES Program under the existing award schedule are insufficient to meet funds required for eligible applicants, then the State Budget Director shall provide the necessary allotment of funds in the balance of the KEES Reserve Account to fund the KEES Program. Actions taken under this section shall be reported to the Interim Joint Committee on Appropriations and Revenue on a timely basis.

23. Sales and Use Tax Collection and Remittance Compensation: Notwithstanding KRS 139.570, for the periods after June 30, 2006, the total reimbursement allowed per taxpayer in any month shall not exceed \$1,500. Notwithstanding KRS 139.240, 139.250 or 139.700, after the effective date of this Act, separate permit numbers for a taxpayer with different business locations shall not be issued.

24. Abandoned Property Held by Financial Institutions: Notwithstanding KRS 393.060, the dormancy period for property held or owing by a banking or financial institution, other than traveler's checks, shall be three years rather than seven years.

25. Sale of Abandoned Property by Finance and Administration Cabinet: Notwithstanding KRS 393.125, unclaimed securities held by the Department of the Treasury may be sold with the receipts, net of estimated claims to be paid, available for appropriation to the General Fund during the 2008-2010 biennium. The Secretary of the Finance and Administration Cabinet shall determine when to initiate the sale of securities based on the market structure and the financial status of the Commonwealth at the time.

26. Premium and Retaliatory Taxes: Notwithstanding KRS 304.17B-021(4)(d), premium taxes collected under KRS Chapter 136 from any insurer and retaliatory taxes collected under KRS 304.3-270 from any insurer shall be credited to the General Fund.

27. Undesignated General Fund and Road Fund Carry Forward: Notwithstanding KRS 48.700, and KRS 48.705 and other Parts of this Act, the Secretary of the Finance and Administration Cabinet shall determine and certify, within 30 days of the close of fiscal year 2008-2009, the actual amount of undesignated balance of the General Fund and the Road Fund for the year just ended. The amounts from the undesignated fiscal year 2008-2009 General Fund and Road Fund balances that are designated and carried forward for budgeted purposes in the 2008-2010 fiscal biennium shall be determined by the State Budget Director during the close of the respective fiscal year and shall be reported to the Interim Joint Committee on Appropriations and Revenue within 30 days of the close of the fiscal year. The General Fund undesignated balance in excess of the amount designated for budgeted purposes under this section

Part III - General Provisions

shall be made available for the General Fund Surplus Expenditure Plan contained in Part VII of this Act unless otherwise provided in this Act. The Road Fund undesignated balance in excess of the amount designated for budgeted purposes under this section shall be made available for the Road Fund Surplus Expenditure Plan contained in Part IX of this Act unless otherwise provided in this Act.

28. Workers' Compensation: Notwithstanding KRS 342.340(1) or any other provision of law, public sector self-insured employers are not required to deposit funds as security, indemnity, or bond to secure the payment of compensation liabilities, provided that each public sector employer has the authority to impose taxes or raise tuition in an amount sufficient to recoup payments of compensation liabilities as they are incurred. Notwithstanding KRS 342.340(1) and 803 KAR 25:021, Section 5, the Personnel Cabinet shall be exempt from procuring excess risk insurance in fiscal year 2008-2009 and fiscal year 2009-2010 for the Workers' Compensation Benefits and Reserve program administered by the Cabinet.

29. Confirmation of Budget Reduction: The General Assembly acknowledges that during fiscal year 2007-2008 General Fund revenues were less than the enacted estimates pursuant to KRS 48.120(3) and that the 2006 General Assembly had enacted the branch budget bills in 2006 Ky. Acts chs. 229, 250, and 252 based upon the anticipated revenue estimates.

The 2006 General Assembly enacted the 2006-2008 biennium General Fund Budget Reduction Plan for fiscal year 2007-2008 in 2006 Ky. Acts ch. 252, Part VI, for state government pursuant to KRS 48.130(1) and (3). These statutes and Acts provide direction and authority by which the heads of the executive, judicial, and legislative branches shall revise and reduce appropriations and allotments and other deficit alleviation actions for their respective branch budget units under KRS 48.130(4).

Notwithstanding KRS 48.130 and 48.600, the General Assembly confirms, adopts, and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 08-01 and confirms and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 08-01.

30. Abandonment of Traveler's Checks: Notwithstanding KRS 393.060, traveler's checks held or owing by a banking or financial organization shall be presumed abandoned when the period of time the traveler's checks have been outstanding exceeds seven years, unless the owner has within seven years corresponded in writing with the banking or financial organization concerning the traveler's checks, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization.

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31. Reallocation of Appropriations Among Budget Units: The Executive Branch shall operate within the appropriations authorized in this Act for each budget unit as prescribed by KRS 48.400 to 48.730, subject to the conditions and procedures stated in this section or other Parts of this Act.

The Secretary of a Cabinet, the Commissioner of the Department of Education, and other agency heads may request, prior to January of each fiscal year, a revision or reallocation among budget units under their administrative authority of up to ten percent of General Fund or Restricted Funds appropriations contained in Part I, Operating Budget, of this Act for fiscal year 2008-2009 and fiscal year 2009-2010. No request shall relate to moneys in a fiduciary fund account unless the account is affected by a reorganization order promulgated under KRS 12.027. Any request which shall be submitted to and, if authorized by the State Budget Director, shall be implemented and executed prior to January 15 of each fiscal year. A request shall explain the need and use for the transfer authority under this section.

The amount of transfer of General Fund and Restricted Funds appropriations shall be made by Executive Order of the Governor and shall be separately recorded and reported in the system of financial accounts and reports provided in KRS Chapter 45.

The State Budget Director shall report a revision or transfer made under this section, in writing, to the Interim Joint Committee on Appropriations and Revenue at least 30 days prior to the proposed transfer. The Committee shall review the transfer in the same manner and procedure as provided for an interim unbudgeted appropriation action under KRS 48.630.

32. Appropriation of Budget Reserve Trust Fund: Pursuant to KRS 48.705 \$189,775,400 from the Budget Reserve Trust Fund is available in fiscal year 2009-2010 to be appropriated by the General Assembly in this Act.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends Part III, General Provisions, language provisions as follows:

Provision number 27, **Undesignated General Fund and Road Fund Carry Forward**, the phrase "General Fund Surplus Expenditure Plan" was changed to "General Fund Contingency Plan".

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Provision number 29, "**Confirmation of Budget Reduction**", was renamed and changed to state, "**Adoption of Budget Reduction:** Notwithstanding KRS 48.130 and 48.600, the General Assembly adopts and enacts the revised General Fund appropriation levels for the budget units of the Executive Branch identified in General Fund Budget Reduction Order 08-01 and enacts the transfers to the General Fund of non-General Fund moneys identified in General Fund Budget Reduction Order 08-01."

Provision number 31, **Reallocation of Appropriations Among Budget Units**, was renumbered to number 36, and the effective date for the provision was changed from "fiscal year 2008-2009 and fiscal year 2009-2010" to "fiscal year 2008-2009".

Provision number 32, **Appropriation of Budget Reserve Trust Fund**, was renumbered to number 31, and the amount of expenditure was changed from "\$189,775,400" to \$183,557,900".

The General Assembly adds Part III, General Provisions, language provisions as follows:

32. General Fund Expenditure Reductions: The Governor shall reduce General Fund expenditures appropriated in this Act by \$179,900,000 in fiscal year 2008-2009 and by \$193,900,000 in fiscal year 2009-2010. This reduction shall be achieved in part but not limited to the following measures:

(a.) Beginning May 1, 2008, the Kentucky Retirement System shall provide to the Secretary of the Personnel Cabinet a listing of all employees of the Executive Branch covered by the Kentucky Employees Retirement System for nonhazardous employees that have submitted a request to begin to receive retirement benefits the preceding month. The Secretary of the Personnel Cabinet shall determine each retiring employee's last agency of employment, final classification, and annual salary, and provide the Office of the State Budget Director this information by individual agency. The State Budget Director, the Secretary of the Finance and Administration Cabinet shall utilize this information and determine the amount of General Fund moneys in the agency budget for fiscal year 2008-2009 and fiscal year 2009-2010 for the retiring employees' positions. This information shall be used in addition to other information, including but not limited to budget reductions included elsewhere in this Act and information provided by each agency on operating efficiencies and cost-saving measures, to determine: (1) The amount of General Fund reductions per year that can be obtained from each appropriation unit associated with personnel cost and retirements to accomplish the goal of reducing the recurring cost of the executive branch by \$85,000,000 each fiscal year; and (2) The number of funded full-time positions that are reduced by attrition and retirements. The State Budget Director shall determine the amount of Restricted Funds related to retiring personnel positions. Notwithstanding any law to the contrary, the amount of Restricted Funds determined by the State Budget Director to be related to retiring personnel positions may be transferred to the General Fund.

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The State Budget Director shall provide a monthly report to the Interim Joint Committee on Appropriations and Revenue outlining the actions taken or planned pursuant to this section, including but not limited to the number of employees retiring, the amount of General Fund projected expenditures reduced, the number of budgeted authorized full-time positions eliminated, and the amount of other funds to be transferred to the General Fund as a result of retirements and attrition.

The Secretary of the Finance and Administration Cabinet and the State Budget Director shall not take any action authorized or directed in this section that would affect the funding or operation of Property Valuation Administrators' Offices or any other employer not specifically listed in KRS 12.020; and

(b) The Finance and Administration Cabinet, in conjunction with other Executive Branch agency heads, shall identify excess debt service, efficiencies, and cost-saving measures that will result in a direct savings to the Commonwealth. In addition, the Finance and Administration Cabinet is directed to restructure the General Fund-supported debt of the Commonwealth and capture available General Fund debt service in fiscal years 2008-2009 and 2009-2010 as a result of the restructuring. Debt service payments shall not commence until after July 1, 2010, for the restructured debt components.

33. Office Space: Pursuant to KRS 56.463(4)(b), the legislative branch had and has the legal authority to occupy certain space in the New State Capitol Annex, as of certain occupancy dates described by the October 1, 2003 Resolution of the Legislative Research Commission. On or before July 1, 2008, the Secretary of the Finance and Administration Cabinet shall ensure that the New State Capitol Annex space allocated to the legislative branch by KRS 56.463(4)(b), and designated for occupancy by the October 1, 2003 Resolution of the Legislative Research Commission adopted pursuant to KRS 56.463(4)(b) and as specified in subsections (a) and (b) below, shall be vacated by the executive branch and available for immediate occupancy by the legislative branch as follows:

(a) The legislative branch shall occupy the following additional space on the second floor of the New State Capitol Annex: Starting at the center (north-south) hallway and proceeding west on the south side of the east-west hallway, all space (approximately 3,072 square feet) in the area from the third pilaster to and including the ninth pilaster, comprising the offices 265 to 275, except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008; and

(b) The legislative branch shall occupy the following additional space on the third and fourth floors of the New State Capitol Annex: Starting at the center (north/south) hallway on each floor and proceeding west, all space (approximately 4,096 square feet on each floor) south of the east/west hallway to and including the ninth pilaster, and the area going south from the center (north/south) hallway

Part III - General Provisions

on each floor from the first to the third pilaster on the west side of the hallway; and comprising the area going south from the center (north/south) hallway on each floor, all space (approximately 3,328 square feet on each floor) on the west side of each hallway beginning at the third pilaster at the north/south hallway to the south end of the building; except for the elevators, public restrooms, and mechanical maintenance areas. The occupancy by the legislative branch of the space described in this subsection shall be effective on or before July 1, 2008.

The Secretary of the Finance and Administration Cabinet shall be authorized to lease such additional space as may be necessary to comply with the provisions of this section. Expenditures required by the implementation of this section related to securing, if necessary, additional leased office space by the executive branch, the relocation of executive branch personnel, and the relocation of offices that is required by this section, including moving expenses, shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) or, if the expenditures required to implement this section exceed the funds available in those accounts, notwithstanding KRS 45.770, the Finance and Administration Cabinet shall transfer sufficient funds in the Capital Construction and Equipment Purchase Contingency Account to a capital project account to be used for expenditures necessary to implement the requirements of this section. Prior to making a transfer, the Finance and Administration Cabinet shall present the proposed transfer to the Capital Projects and Bond Oversight Committee for review at least 14 days prior to a meeting of the committee as required by KRS 45.800. No portion of funds transferred for this purpose shall be used for any other purpose. Lack of funds in any of the accounts referenced in this section shall not excuse compliance with this section.

If the Secretary of the Finance and Administration Cabinet fails or refuses to fully and timely comply with the requirements of this section, the Legislative Research Commission may petition the Franklin Circuit Court for a writ of mandamus to compel the Secretary's compliance with the requirements of this section.

Any expenditure authorized by the Legislative Research Commission relating to implementation of KRS 56.463(4)(b) and funded by previous appropriations to the legislative branch shall not be governed by KRS 7A.010, 7A.120, 45.750 to 45.810, 48.010(14), and 48.020.

34. Lottery Dividends: KRS 154A.130(1) establishes the intent of the General Assembly that it shall be the goal of the Kentucky Lottery Corporation to transfer each year 35 percent of gross revenues to the General Fund. In fiscal year 2008-2009 and fiscal year 2009-2010, the Kentucky Lottery Corporation shall remit no less than 28 percent of gross revenues each year to the General Fund.

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Notwithstanding KRS 154A.130(3) and (4), 78 percent of the 28 percent remitted to the General Fund in fiscal year 2008-2009 and 2009-2010 shall be distributed according to the provisions set out in KRS 154A.130(3) and (4) to support higher education scholarship programs. The remaining 22 percent of the 28 percent remitted to the General Fund shall remain in the General Fund to be used to support restoration of higher education funds.

35. Road Fund Resources: The Transportation Cabinet may use Road Fund resources for the purpose of the maintenance or construction of public runways, parking lots, pedways, or other transportation infrastructures which are connected to a roadway and can be traversed by a vehicle.

37. Kentucky Wine and Vine Fest: The Kentucky Wine and Vine Fest of Nicholasville, Kentucky, is named and designated as the official state wine festival.

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Part IV - State Salary/Compensation and Employment Policy

BRANCH BUDGET

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy includes the following directives:

"Maximum Filled Permanent Positions: Notwithstanding KRS 18A.010(2), for the 2008-2010 fiscal biennium, the total number of filled permanent positions in the agencies of the Executive Branch is limited to the number authorized in the enacted State/Executive Budget of the Commonwealth for the 2008-2010 fiscal biennium."

"Authorized Personnel Complement: On July 1, 2008, the Personnel Cabinet and the Office of State Budget Director shall establish a record for each budget unit of authorized permanent and other positions based upon the enacted State/Executive Budget of the Commonwealth and any adjustments authorized by provisions in this Act. The total number of filled and vacant positions of permanent full-time, permanent part-time, and all other positions shall not exceed the authorized complements pursuant to this section. When an agency head certifies that an emergency employment situation exists for a limited time within a fiscal year, the State Budget Director may approve, and the Secretary of the Personnel Cabinet may authorize, the employment of individuals in addition to the authorized complement for the duration of the limited time period so authorized within the fiscal year. A copy of records, certifications, and actions authorized in this section shall be provided to the Interim Joint Committee on Appropriations and Revenue on a monthly basis."

"Salary Adjustments: Notwithstanding KRS 18A.355, an increment of two percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date."

"Notwithstanding KRS 151B.035(12), for fiscal years 2008-2009 and 2009-2010, the salary adjustments for certified and equivalent employees of the Office of Career and Technical Education shall be made pursuant to the provisions of this Part. Notwithstanding KRS 151B.035(6)(e), the salary schedule for certified and equivalent employees of the Office of Career and Technical Education shall be implemented within the appropriations made in this Act."

"Monthly Per Employee Health Insurance Benefits Assessment: The Personnel Cabinet shall collect a benefits assessment per month per employee eligible for health insurance coverage in the state group for duly authorized use by the Personnel Cabinet in administering its statutory and administrative responsibilities, including but not limited to administration of the Commonwealth's health insurance program."

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Part IV - State Salary/Compensation and Employment Policy

"Employee Cross-Reference: The Personnel Cabinet shall permit married couples who are both eligible to participate in the state health insurance plan to be covered under one family health benefit plan."

"Employer Retirement Contribution Rates: Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2008, through June 30, 2009, shall be 8.50 percent, consisting of 5.47 percent for pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 28.0 percent, consisting of 14.23 percent for pension and 13.77 percent for insurance. Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2009, through June 30, 2010, shall be 8.5 percent, consisting of 5.47 percent for pension and 3.03 percent for insurance, for nonhazardous duty employees and 24.25 percent, consisting of 9.79 percent for pension and 14.46 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 28.0 percent, consisting of 14.23 percent for pension and 13.77 percent for insurance."

"The General Fund moneys directed to be appropriated by 2006 Ky. Acts ch. 252, Part VII, to the Kentucky Retirement Systems to address a portion of the actuarially unfunded liability shall be appropriated to the Kentucky Retirement Systems Insurance Fund as established in KRS 61.701 and shall be allocated in proportion to the contributions required according to KRS 61.702(2) for the Kentucky Employees Retirement System Insurance Fund and the State Police Retirement System Insurance Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

"Salary Adjustments: Notwithstanding KRS 18A.355, an increment of one percent is provided in both fiscal year 2008-2009 and fiscal year 2009-2010 on the base salary or wages of each eligible state employee on their anniversary date."

"Employer Retirement Contribution Rates: Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July 1, 2008, through June 30, 2009, shall be 10.01 percent, consisting of 5.79 percent for pension and 4.22 percent for insurance, for nonhazardous duty employees and 24.35 percent, consisting of 9.79 percent for pension and 14.56 percent for insurance, for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 30.07 percent, consisting of 15.28 percent for pension and 14.79 percent for insurance. Notwithstanding KRS 61.565, the employer contribution rates for the Kentucky Employees Retirement Systems from July

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Part IV - State Salary/Compensation and Employment Policy

1, 2009, through June 30, 2010, shall be 11.61 percent, consisting of 6.65 percent for pension and 4.96 percent for insurance, for nonhazardous duty employees and 24.69 percent, consisting of 9.89 percent for pension and 14.8 percent for insurance for hazardous duty employees; for the same period the employer contribution for employees of the State Police Retirement System shall be no more than 33.08 percent, consisting of 16.81 percent for pension and 16.27 percent for insurance."

"Kentucky Employees Retirement Systems Employer Contribution Supplement Distribution: The State Budget Director shall determine the amount of funds from the appropriation in Part I, J., 4., of this Act that is necessary for each budget unit to implement the required employer contribution rates for retirement established in Section 6. of this Part. The State Salary and Compensation Fund shall be supplemented by Restricted Funds, Federal Funds, the Road Fund, and other General Fund amounts otherwise appropriated to state agencies. The amount of moneys transferred from the State Salary and Compensation Fund to state agencies shall not exceed the General Fund cost of the increased employer retirement contribution rate for each position. After the Secretary of the Personnel Cabinet has distributed the required funds to state agencies, then the balance of the funds shall be distributed to other public employers who were affected by the increased employer retirement contribution rates in Section 6. of this Part on a pro rata basis. The Secretary of the Personnel Cabinet shall provide a quarterly report to the Interim Joint Committee on Appropriations and Revenue of the distribution of these funds."

"Employer Health Trust Payments: The Secretary of the Personnel Cabinet, in association with the State Budget Director and Executive Branch agency heads, shall coordinate the timing of employer payments to the State Group Health Trust Fund in such a manner that will provide the agencies the flexibility to lapse \$7,000,000 in General Fund moneys in each fiscal year."

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Part VI - General Fund Budget Reduction Plan

BRANCH BUDGET

Pursuant to KRS 48.130 and 48.600, a General Fund Budget Reduction Plan is enacted for state government in the event of an actual or projected deficit in estimated General Fund revenue receipts of \$8,983,887,000 in fiscal year 2008-2009 and \$9,235,339,000 in fiscal year 2009-2010 as modified by related Acts and actions of the General Assembly in an extraordinary or regular session. Direct services, obligations essential to the minimum level of constitutional functions, and other items that may be specified in this Act, are exempt from the requirements of this Plan. Each branch head shall prepare a specific plan to address a proportionate share of the General Fund revenue shortfall applicable to the respective branch. No budget revision action shall be taken by a branch head in excess of the actual or projected deficit.

The Governor, the Chief Justice, and the Legislative Research Commission shall direct and implement reductions in allotments and appropriations only for their respective branch budget units as may be necessary, as well as take other measures which shall be consistent with the provisions of this Part and general branch budget bills.

In the event of a revenue shortfall under the provisions of KRS 48.120, General Fund budget reduction actions shall be implemented in the following sequence:

(1) The Local Government Economic Assistance and the Local Government Economic Development Funds shall be adjusted by the Secretary of the Finance and Administration Cabinet to equal revised estimates of receipts pursuant to KRS 42.4582 as modified by the provisions of this Act;

(2) Transfers of excess unappropriated Restricted Funds other than fiduciary funds shall be applied as determined by the head of each branch for its respective budget units;

(3) Excess General Fund appropriations which accrue as a result of personnel vacancies and turnover, and reduced requirements for operating expenses, grants, and capital outlay shall be determined and applied by the heads of the executive, judicial, and legislative departments of state government for their respective branches. The branch heads shall certify the available amounts which shall be applied to budget units within the respective branches and shall promptly transmit the certification to the Secretary of the Finance and Administration Cabinet and the Legislative Research Commission. The Secretary of the Finance and Administration Cabinet shall execute the certified actions as transmitted by the branch heads.

Branch heads shall take care, by their respective actions, to protect, preserve, and advance the fundamental health, safety, legal and social welfare, and educational well-being of the citizens of the Commonwealth;

(4) Funds available in the Budget Reserve Trust Fund shall be applied in an amount not to exceed 25 percent of the trust fund balance in fiscal year 2008-2009 and 50 percent of the trust fund balance in fiscal year 2009-2010; and

(5) Notwithstanding KRS 48.130 and 48.600, if the actions contained in subsections (1) to (4) of this section are insufficient to eliminate an actual or projected revenue shortfall in the enacted General Fund revenue receipts, then the Governor is

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Part VI - General Fund Budget Reduction Plan

empowered and directed to take necessary actions with respect to the Executive Branch budget units to balance the budget by such actions conforming with the criteria expressed in this Part.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The estimated General Fund Receipts are \$9,005,737,000 in fiscal year 2008-2009 and \$9,258,789,000 in fiscal year 2009-2010.

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Part VII - General Fund Surplus Expenditure Plan

BRANCH BUDGET

(1) Pursuant to KRS 48.700 and notwithstanding KRS 48.140, there is established a plan for the expenditure of General Fund surplus moneys pursuant to a General Fund Surplus Expenditure Plan contained in this Part for fiscal years 2008-2009 and 2009-2010. Pursuant to the enactment of the Surplus Expenditure Plan, General Fund moneys in the General Fund undesignated fund balance in excess of the amount specified in Part III, General Provisions, Section 27, of this Act are appropriated to the following:

(a) Authorized expenditures without a sum specific appropriation amount, known as Necessary Government Expenses, including but not limited to Emergency Orders formally declared by the Governor in an Executive Order;

(b) Increased support to the Budget Reserve Trust Fund; and

(c) The Kentucky Teachers' Retirement System's medical insurance fund as established in KRS 161.420 to augment the state medical insurance stabilization contribution as established in KRS 161.550.

(2) The Secretary of the Finance and Administration Cabinet shall determine, within 30 days after the close of the fiscal year 2007-2008, and the close of fiscal year 2008-2009, based on the official financial records of the Commonwealth, the amount of actual General Fund undesignated fund balance for the General Fund Surplus Account that may be available for expenditure pursuant to the Plan respectively in fiscal year 2007-2008 and fiscal year 2008-2009. The Secretary of the Finance and Administration Cabinet shall certify the amount of actual General Fund undesignated fund balance available for expenditure to the Legislative Research Commission.

Subsequent to June 30, 2008, funds that are certified as being available in the actual General Fund undesignated fund balance for the General Fund Surplus Account are appropriated for expenditure in fiscal year 2007-2008 pursuant to the Plan.

GENERAL ASSEMBLY

The General Assembly replaces the Branch Budget Part VII, General Fund Surplus Expenditure Plan, with Part VII, General Fund Contingency Plan, as follows:

Notwithstanding KRS 48.140 and 48.700, there is established a Contingency Plan for the expenditure of the undesignated balance in the General Fund.

(1) The undesignated balance in the General Fund shall be determined as provided in Part III, 27., of this Act.

(2) The undesignated balance in the General Fund in excess of the amount designated for budget purposes as provided in Part III, 27., of this Act are appropriated as provided in subsection (3) of this Part, subject to the following conditions:

(a) Expenditures shall be made in the priority order set forth in subsection (3) of this Part; and

(b) If funds available are not sufficient to completely fund a listed priority, then the next priority on the list that can be completely funded shall be funded.

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Part VII - General Fund Surplus Expenditure Plan

- (3) The priority list for the Contingency Plan for the expenditure of General Fund surplus moneys is as follows:
- (a) Provide, in addition to the salary increase provided in Part I, D., 4., (15) and Part IV of this Act, a one percent annual salary increase to all state employees and all certified and classified employees of local school districts. This increase shall not be provided unless the surplus funds available are sufficient to pay 100 percent of the General Fund cost of the salary and associated fringe benefits;
- (b) Provide, in addition to the salary increase provided in Part I, D., 4., (15) and Part IV of this Act and paragraph (a) of this subsection, a one percent annual salary increase to all state employees and all certified and classified employees of local school districts. This increase shall not be provided unless the surplus funds available are sufficient to pay 100 percent of the General Fund cost of the salary and associated fringe benefits;
- (c) Provide \$5,157,000 for one-half year of debt service to support the entirety of the following Capital Projects:
- | | | |
|----|--|--------------|
| 1. | Advanced Technology Center - Owensboro CTC | |
| | Bond Funds | \$14,055,000 |
| 2. | Construct Carrollton Campus - Jefferson CTC | |
| | Bond Funds | \$12,000,000 |
| 3. | Energy and Advanced Technology Center - Madisonville CTC | |
| | Bond Funds | \$4,000,000 |
| 4. | Licking Valley Campus - Phase II Maysville CTC | |
| | Bond Funds | \$1,000,000 |
| 5. | Advanced Manufacturing Facility - Bluegrass CTC | |
| | Bond Funds | \$22,000,000 |
| 6. | Urban Campus - Gateway CTC | |
| | Bond Funds | \$21,319,000 |
| 7. | Construct Materials Characterization/ICSET - Phase II -
Western Kentucky University | |
| | Bond Funds | \$4,500,000 |
| 8. | Renovate Science Complex Phase III - Western Kentucky
University | |
| | Bond Funds | \$9,000,000 |
| 9. | Replace Ford College of Business - Grise Hall Phase I -
Western Kentucky University | |
| | Bond Funds | \$5,800,000 |

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Part VII - General Fund Surplus Expenditure Plan

- | | | |
|---|--|--------------|
| 10. | EKU-UK Dairy Research Project (Meadowbrook Farm) -
Eastern Kentucky University
Bond Funds | \$5,300,000 |
| 11. | Expand/Renovate, Construct, or Acquire Existing
Structure for Betty White Nursing Complex -
Kentucky State University
Bond Funds
and | \$4,900,000; |
| (d) Increase support for the Budget Reserve Trust Fund. | | |

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 514 amends the provisions of 2008 Regular Session House Bill 406/EN as follows:

"On Page 218, line 12, delete '\$5,157,000' and insert '\$6,535,000';

On Page 219, line 14, delete ';;

On Page 219, after line 14, insert the following:

- | | | |
|------|---|----------------|
| '12. | Renovate Downtown Campus Phase II - Jefferson CTC
Bond Funds | \$28,612.000 |
| 13. | Construct Business Continuance Datacenter - Morehead State University
Bond Funds | \$2,500,000;"; |

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Part VIII - Road Fund Budget Reduction Plan

BRANCH BUDGET

There is established a Road Fund Budget Reduction Plan for fiscal year 2008-2009 and fiscal year 2009-2010. Pursuant to KRS 48.130, in the event of an actual or projected shortfall in estimated Road Fund revenue receipts of \$1,324,806,400 in fiscal year 2008-2009 and \$1,405,103,400 in fiscal year 2009-2010 as determined by KRS 48.120(3), the Governor shall implement sufficient reductions as may be required to protect the highest possible level of service.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

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Part IX - Road Fund Surplus Expenditure Plan

BRANCH BUDGET

Notwithstanding KRS 48.140 and pursuant to KRS 48.710, there is established a plan for the expenditure of the Road Fund Surplus Account. All moneys in the Road Fund Surplus Account shall be deposited in the State Construction Account and utilized to support projects in the fiscal biennium 2008-2010 Biennial Highway Construction Program.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

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Part X - Phase I Tobacco Settlement

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes language provisions that direct:

- "(1) General Purpose:** This Part prescribes the policy implementing aspects of the national settlement agreement between the tobacco industry and the collective states as described in KRS 248.701 to 248.727. In furtherance of that agreement, the General Assembly recognizes that the Commonwealth of Kentucky is a party to the Phase I Master Settlement Agreement (MSA) between the Participating Tobacco Manufacturers and 46 Settling States which provides reimbursement to states for smoking-related expenditures made over time.
- (2) State's MSA Share:** The Commonwealth's share of the MSA is equal to 1.7611586 percent of the total settlement amount. Payments under the MSA are made to the states annually in April of each year.
- (3) MSA Payment Amount Variables:** The total settlement amount to be distributed each payment date is subject to change pursuant to several variables provided in the MSA, including inflation adjustments, volume adjustments, previously settled states adjustments, and the nonparticipating manufacturers adjustment.
- (4) Distinct Identity of MSA Payment Deposits:** The General Assembly has determined that it shall be the policy of the Commonwealth that all Phase I Tobacco Settlement payments shall be deposited to the credit of the General Fund and shall maintain a

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Part X - Phase I Tobacco Settlement

distinct identity as Phase I Tobacco Settlement payments that, shall not lapse to the credit of the General Fund surplus but shall continue forward from each fiscal year to the next fiscal year to the extent that any balance is unexpended.

(5) MSA Payment Estimates and Adjustments: Based on the current estimates as reviewed by the Consensus Revenue Forecasting Group, the amount of MSA payments expected to be received in fiscal year 2008-2009 is \$119,690,000 and in fiscal year 2009-2010 is \$121,580,000. It is recognized that payments to be received by the Commonwealth are estimated and are subject to change. Any appropriations made from the estimated receipts are subject to adjustments based on actual receipts as received and certified by the Secretary of the Finance and Administration Cabinet.

a. State Enforcement: Notwithstanding KRS 248.654, a total of \$275,000 of the MSA payments received each fiscal year of the 2008-2010 biennium is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers.

b. Agricultural Development Initiatives: Fifty percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$59,707,500, and in fiscal year 2009-2010, estimated to be \$60,652,500, is appropriated to the Kentucky Agricultural Development Fund to be used for agricultural development initiatives.

c. Early Childhood Development Initiatives: Twenty-five percent of the MSA payments, less the above enforcement appropriations, received in fiscal year 2008-2009, estimated to be \$29,853,700, and in fiscal year 2009-2010, estimated to be \$30,326,300, is appropriated for Early Childhood Development Initiatives as specified below.

d. Health Care Initiatives: Twenty-five percent of the MSA payments received, less the above enforcement appropriations, in fiscal year 2008-2009, estimated to be \$29,853,800, and in fiscal year 2009-2010, estimated to be \$30,326,200, is appropriated to the Kentucky Health Care Improvement Fund for health care initiatives as specified below.

(6) MSA Appropriation Adjustments - Prior Year Receipts Received: In the event that Phase I Master Settlement Agreement revenues due from a prior fiscal year are received in a subsequent fiscal year, those revenues are hereby appropriated as follows: 50 percent to the Agricultural Development Fund, 25 percent to the Early Childhood Development Fund, and 25 percent to the Health Care Improvement Fund.

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- a. Early Childhood Development:** From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Early Childhood Development Fund, the Early Childhood Development Authority shall recommend to the State Budget Director for approval the specific appropriations to be made to the existing initiatives.
- b. Health Care Improvement:** From the 25 percent of the Phase I Master Settlement Agreement payments appropriated to the Health Care Improvement Fund, appropriations shall be made pursuant to KRS 304.17B-003(5).

B. AGRICULTURAL DEVELOPMENT APPROPRIATIONS

Tobacco Settlement Funds - Allocations: Notwithstanding KRS 248.711(2), and from the allocation provided therein, counties that are allocated in excess of \$20,000 annually may provide up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council in that county for administrative costs.

Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in fiscal year 2008-2009 and \$9,000,000 in fiscal year 2009-2010 for the Environmental Stewardship Program.

Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund.

C. EARLY CHILDHOOD DEVELOPMENT

Early Childhood Development Program: Included in the above General Fund (Tobacco) appropriation is \$8,970,400 in fiscal year 2008-2009 and \$9,220,400 in fiscal year 2009-2010 for the Early Childhood Development Program.

HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health, Reach Out and Read, and Kentucky Early Intervention Services First Steps: Included in the above General Fund (Tobacco) appropriation is \$9,099,900 in fiscal years 2008-2009 and 2009-2010 for the Health Access Nurturing Development Services (HANDS) Program; \$2,307,600 in fiscal year 2008-2009 and \$2,457,600 in fiscal year 2009-2010 for Healthy Start initiatives; \$2,313,400 in fiscal years 2008-2009 and 2009-2010 for Universal Children's Immunizations; \$400,000 in fiscal year 2008-2009 and \$400,000 in fiscal year 2009-2010 for the Folic Acid Program; \$1,000,000 in fiscal year 2008-2009 and \$1,072,400 in

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fiscal year 2009-2010 for Early Childhood Mental Health; \$510,500 in fiscal years 2008-2009 and 2009-2010 for Early Childhood Oral Health; \$224,900 in fiscal year 2008-2009 and \$225,100 in fiscal year 2009-2010 for Reach Out and Read; and \$1,000,000 in fiscal years 2008-2009 and 2009-2010 for the Kentucky Early Intervention Services First Steps Program.

Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is \$975,000 in each fiscal year for substance abuse prevention and treatment.

Universal Newborn Hearing Screening and Vision Screening: Included in the above General Fund (Tobacco) appropriation is \$352,000 in each fiscal year for the Universal Newborn Hearing Screening and Vision Screening programs.

Children's Advocacy Centers: Included in the above General Fund (Tobacco) appropriation is \$175,000 in each fiscal year for Children's Advocacy Centers.

Early Childhood Scholarships: Included in the above General Fund (Tobacco) appropriation is \$1,000,000 in fiscal year 2008-2009 and \$1,000,000 in fiscal year 2009-2010 for Early Childhood Scholarships.

D. HEALTH CARE IMPROVEMENT APPROPRIATIONS

Notwithstanding KRS 304.17B-003(5), appropriations for health care improvement shall be as follows:

Kentucky Access Program: Included in the above General Fund (Tobacco) appropriation is \$19,551,300 in fiscal year 2008-2009 and \$19,881,900 in fiscal year 2009-2010 for the Kentucky Access Program.

Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is \$2,793,000 in fiscal year 2008-2009 and \$2,840,300 in fiscal year 2009-2010 for the Smoking Cessation Program.

Office of Drug Control Policy: Included in the above General Fund (Tobacco) appropriation is \$1,923,400 in fiscal year 2008-2009 and \$1,923,400 in fiscal year 2009-2010 for the Office of Drug Control Policy.

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Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) dollars in the amount of \$775,000 in fiscal year 2008-2009 and \$775,000 in fiscal year 2009-2010 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly includes the following language under, "**Phase I Tobacco Settlement**":

"**(7) MSA Lapse Provision:** Portions of the amounts appropriated in this Part shall lapse as identified in Part V of this Act."

The General Assembly includes the following language under, "**B. Agricultural Development Appropriations, 1. General Government, a. Governor's Office of Agricultural Policy**":

"**(2) Agricultural Development Appropriations:** Notwithstanding KRS 248.703(1)(a), funds received in the Rural Development Fund that exceed the General Fund (Tobacco) moneys appropriated in fiscal year 2007-2008 pursuant to 2006 Ky. Acts ch. 252, Part X, B., shall not be subject to distribution to the counties account, as specified in KRS 248.703(1)(a), and notwithstanding KRS 248.711, these funds shall be allocated to the state account identified in KRS 248.703(1)(b).

(3) Agricultural Development Appropriations: Notwithstanding KRS 248.703(1), included in the above General Fund (Tobacco) appropriation is \$16,419,375 in fiscal year 2008-2009 and \$16,419,375 in fiscal year 2009-2010, for the counties account as specified in KRS 248.703(1)(a). Included in the above General Fund (Tobacco) appropriation is \$18,621,625 in fiscal year 2008-2009 and \$18,498,225 for other projects throughout the state as specified in KRS 248.703(1)(b).

(4) Governor's Office of Agricultural Policy Fund Transfer: It is recognized that Phase I Master Settlement Agreement Revenues to be received by the Commonwealth are estimated and are subject to change. In the event that Phase I Master Settlement Agreement Revenues are less than the current estimates as reviewed by the Consensus Revenue Forecasting Group, the General Fund (Tobacco) Part V, Fund Transfer from the Governor's Office of Agricultural Policy to the General Fund shall be reduced by an amount equal to 50 percent times the reduction (shortfall) in the Phase I Master Settlement Agreement Revenues.

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(5) Tobacco Settlement Funds - Debt Service: Included in the above General Fund (Tobacco) appropriation is \$884,000 in fiscal year 2009-2010 for new debt service to support \$10,000,000 of new bonds for the Kentucky Agriculture Heritage Center as set forth in Part II, Capital Projects Budget, of this Act ."

The General Assembly includes the following language under, "**B. Agricultural Development Appropriations**":

"2. DEPARTMENT OF EDUCATION

a. Operations and Support Services

(1) Debt Service: Included in the above General Fund (Tobacco) appropriation is \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds for the FFA Leadership Training Center Renovation as set forth in Part II, Capital Projects Budget, of this Act.

5. POSTSECONDARY EDUCATION

a. Council on Postsecondary Education

(1) Debt Service: Included in the above General Fund (Tobacco) appropriation is \$885,000 in fiscal year 2009-2010 for new debt service to support new bonds for the University of Kentucky's Expand and Upgrade LDDC Phase II project and \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds for the University of Kentucky's Renovate 4-H Camps project as set forth in Part II, J., 8., of this Act.

5. KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

a. University of Kentucky"

The General Assembly includes the following language under, "C. Early Childhood Development, 2. Cabinet for Health and Family Services":

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Part X - Phase I Tobacco Settlement

"(1) Cabinet For Health and Family Services Fund Transfer: It is recognized that Phase I Master Settlement Agreement Revenues to be received by the Commonwealth are estimated and are subject to change. In the event that Phase I Master Settlement Agreement Revenues are less than the current estimates as reviewed by the Consensus Revenue Forecasting Group, the total General Fund (Tobacco) Part V, Fund Transfer from the budget units within the Cabinet for Health and Family Services shall be reduced by an amount equal to 25 percent times the reduction (shortfall) in the Phase I Master Settlement Agreement Revenues."

The General Assembly amends the following language under, **"D. Health Care Improvement Appropriations, 4. Postsecondary Education, a. Council on Post Secondary Education"**:

"(1) Ovarian Cancer Screening: Notwithstanding KRS 164.476, General Fund (Tobacco) dollars in the amount of \$975,000 in fiscal year 2008-2009 and \$975,000 in fiscal year 2009-2010 shall be allotted from the Lung Cancer Research Fund to the Ovarian Cancer Screening Outreach Program at the University of Kentucky. In each fiscal year, \$200,000 in Ovarian Cancer Screening funds shall be allotted for serum Ca-125 tests for women in families at or below 200 percent of the federal poverty level for whom the test has been prescribed by a health care practitioner."

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 410, Section 3, provides the following:

"On page 223, after line 22, insert the following:

b. Kentucky Infrastructure Authority

(1) Infrastructure for Economic Development for Non-Coal Producing Counties: Included in the above General Fund (Tobacco) appropriation is \$4,420,000 in fiscal year 2009-2010 for new debt service to support the new bonds as set forth in Part II, A., 4., 005., of this Act."

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Summary of Tobacco Settlement Appropriations

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
A - General Government									
Governor's Office of Agricultural Policy									
<u>Tobacco Settlement</u>									
Regular Appropriations	31,800,100	31,800,100		35,291,000	35,041,000	(250,000)	36,234,600	28,287,600	(7,947,000)
Reserve Spending	8,149,000	8,149,000		12,942,800	12,942,800		6,960,900	6,960,900	
TOTAL	39,949,100	39,949,100		48,233,800	47,983,800	(250,000)	43,195,500	35,248,500	(7,947,000)
Kentucky Infrastructure Authority									
<u>Tobacco Settlement</u>									
Regular Appropriations								6,630,000	6,630,000
Reserve Spending									
TOTAL								6,630,000	6,630,000
D - Department of Education									
Operations and Support Services									
<u>Tobacco Settlement</u>									
Regular Appropriations								91,000	91,000
Reserve Spending									
TOTAL								91,000	91,000
Learning and Results Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	1,608,400	1,608,400		1,525,000	1,525,000		1,525,000	1,525,000	
Reserve Spending	1,258,800	1,258,800							
TOTAL	2,867,200	2,867,200		1,525,000	1,525,000		1,525,000	1,525,000	
F - Environmental and Public Protection Cabinet									
Natural Resources									
<u>Tobacco Settlement</u>									
Regular Appropriations	9,000,000	9,000,000		9,000,000	9,000,000		9,000,000	9,000,000	
Reserve Spending	9,152,800	9,152,800							
TOTAL	18,152,800	18,152,800		9,000,000	9,000,000		9,000,000	9,000,000	

Summary of Tobacco Settlement Appropriations

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Insurance									
<u>Tobacco Settlement</u>									
Regular Appropriations	19,180,200	19,180,200		19,551,300	19,551,300		19,881,900	19,881,900	
Reserve Spending	3,188,000	3,188,000							
TOTAL	22,368,200	22,368,200		19,551,300	19,551,300		19,881,900	19,881,900	
G - Finance and Administration Cabinet									
Debt Service									
<u>Tobacco Settlement</u>									
Regular Appropriations	6,429,900	6,429,900		15,416,500	15,416,500		15,417,900	15,417,900	
Reserve Spending	9,017,500	9,017,500							
TOTAL	15,447,400	15,447,400		15,416,500	15,416,500		15,417,900	15,417,900	
Revenue									
<u>Tobacco Settlement</u>									
Regular Appropriations	175,000	175,000		275,000	275,000		275,000	275,000	
Reserve Spending									
TOTAL	175,000	175,000		275,000	275,000		275,000	275,000	
H - Health and Family Services Cabinet									
General Administration and Program Support									
<u>Tobacco Settlement</u>									
Regular Appropriations	2,740,000	2,740,000		2,793,000	2,793,000		2,840,300	2,840,300	
Reserve Spending	806,900	806,900							
TOTAL	3,546,900	3,546,900		2,793,000	2,793,000		2,840,300	2,840,300	
Commission for Children with Special Health Care Needs									
<u>Tobacco Settlement</u>									
Regular Appropriations	352,000	352,000		352,000	352,000		352,000	352,000	
Reserve Spending									
TOTAL	352,000	352,000		352,000	352,000		352,000	352,000	
Mental Health and Mental Retardation Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	800,000	800,000		975,000	975,000		975,000	975,000	
Reserve Spending	113,300	113,300							
TOTAL	913,300	913,300		975,000	975,000		975,000	975,000	

Summary of Tobacco Settlement Appropriations

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Public Health									
<u>Tobacco Settlement</u>									
Regular Appropriations	16,793,000	16,793,000		16,856,300	16,856,300		17,078,900	17,078,900	
Reserve Spending	3,757,500	3,757,500							
TOTAL	20,550,500	20,550,500		16,856,300	16,856,300		17,078,900	17,078,900	
Human Support Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	100,000	100,000		175,000	175,000		175,000	175,000	
Reserve Spending	130,900	130,900							
TOTAL	230,900	230,900		175,000	175,000		175,000	175,000	
Community Based Services									
<u>Tobacco Settlement</u>									
Regular Appropriations	8,470,400	8,470,400		8,970,400	8,970,400		9,220,400	9,220,400	
Reserve Spending	1,200,400	1,200,400							
TOTAL	9,670,800	9,670,800		8,970,400	8,970,400		9,220,400	9,220,400	
I - Justice and Public Safety Cabinet									
Justice Administration									
<u>Tobacco Settlement</u>									
Regular Appropriations	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
Reserve Spending	271,700	271,700							
TOTAL	2,195,100	2,195,100		1,923,400	1,923,400		1,923,400	1,923,400	
K - Postsecondary Education									
Council on Postsecondary Education									
<u>Tobacco Settlement</u>									
Regular Appropriations	5,480,100	5,480,100		5,586,100	5,586,100		5,680,600	6,656,600	976,000
Reserve Spending									
TOTAL	5,480,100	5,480,100		5,586,100	5,586,100		5,680,600	6,656,600	976,000
Kentucky Higher Education Assistance Authority									
<u>Tobacco Settlement</u>									
Regular Appropriations	1,200,000	1,200,000		1,000,000	1,000,000		1,000,000	1,000,000	
Reserve Spending	208,600	208,600							
TOTAL	1,408,600	1,408,600		1,000,000	1,000,000		1,000,000	1,000,000	

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Summary of Tobacco Settlement Appropriations

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
University of Kentucky									
<u>Tobacco Settlement</u>									
Regular Appropriations					250,000	250,000		250,000	250,000
Reserve Spending									
TOTAL					250,000	250,000		250,000	250,000
Statewide Totals									
<u>Tobacco Settlement</u>									
Regular Appropriations	106,052,500	106,052,500		119,690,000	119,690,000		121,580,000	121,580,000	
Reserve Spending	37,255,400	37,255,400		12,942,800	12,942,800		6,960,900	6,960,900	
TOTAL	143,307,900	143,307,900		132,632,800	132,632,800		128,540,900	128,540,900	

Special Parts

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**Part XII Insurance Coverage, Affordability and Relief To Small
Employers (ICARE) Program**

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part XI, Insurance Coverage, Affordability, and Relief to Small Employers (ICARE) Program, includes language provisions that direct:

"Section 1. As used in Sections 1 to 8 of this Part, unless the context requires otherwise:

- (1) "Consumer-driven health plan" means a health benefit plan, including a high deductible health plan as defined in 26 U.S.C. sec. 223(c)(2)(A), or a health reimbursement arrangement that meets the requirements of Internal Revenue Code, Notice 2002-45, 2002-2 C.B. 93;
- (2) "Eligible employer" or "employer" means an individual that employs two to 25 employees, a corporation, including a foreign corporation, other than a governmental entity, that employs one or more residents of the Commonwealth, or a corporation or an unincorporated entity that is exempt from taxation under the provisions of 26 U.S.C. sec. 501(c), as amended and in effect for the taxable year. An eligible employer must employ no more than 25 employees and meet the eligibility requirements set forth in administrative regulations promulgated by the office. The method of determining the number of employees an employer has and the amount and types of subsidies shall be determined by the office or a third-party administrator selected in accordance with Section 5 of this Part;
- (3) "Eligible employee" or "employee" means an employee of an eligible employer whose business is located in the Commonwealth, who has not attained age 65 or is Medicare eligible, and who meets the financial and other eligibility standards set forth in administrative regulations promulgated by the office;
- (4) "Health risk assessment" means an assessment to prevent or minimize risk factors for disease and maintain wellness;

Part XII Insurance Coverage, Affordability and Relief To Small

Employers (ICARE) Program

- (5) "High-cost condition" means a diagnosed specific list of conditions representing the top 20 high-cost conditions in the small group market;
- (6) "ICARE Program participating insurer" means any insurer who offers a health benefit plan in the small group market;
- (7) "Office" means the Office of Insurance; and
- (8) "Qualified health benefit plan" means a health benefit plan as described in Section 3(2) of this Part.

Section 2.

- (1) There is hereby created and established, under the supervision of the Office of Insurance, the Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, which is designed to make health insurance more affordable for small employer groups. The program is being piloted in the small group market and shall be limited to those employer groups with two to 25 employees, including small groups with two to 25 employees who are members of an employer-organized association. This program is in the final two years of a four-year pilot period.
- (2) All insurers that issue health benefit plans to employers with two to 25 employees, including employers participating in an employer-organized association, as a condition of doing business in Kentucky, shall be deemed an ICARE Program participating insurer.
- (3) The Office of Insurance may, subject to the provisions of this section, establish an employer health care incentive program for certain employers for the purpose of reducing the amount of contributions or payments made by those employers and employees toward the cost of qualified medical insurance and which shall consist of the following two programs:
 - (a) An employer health care incentive program for the purpose of reducing the cost to employers and employees for providing qualified health benefit plan coverage under Section 3(2)(a) or (b) of this Part for an eligible employer with low-income employees if the eligible employer pays 50 percent or more of the premium cost of that qualified health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have not provided employer-sponsored health benefit plan coverage to their employees within the previous 12 months; and
 - (b) An employer health care incentive program for the purpose of reducing the cost to employers and employees for the purpose of obtaining or maintaining qualified health benefit plan coverage under Section 3(2)(a), (b), or (c) of this Part for an eligible employer and employees if the eligible employer pays 50 percent or more of the premium cost of that health benefit plan coverage and meets the insurer's participation requirements as allowed under KRS 304.17A-200(3). The office may limit premium payments or enrollment under this program, to the extent funding is available. The ICARE Program shall be available to employer groups that have at least one employee with a high-cost condition. The office shall promulgate administrative regulations to establish a list of high-cost conditions for the ICARE Program.

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Part XII Insurance Coverage, Affordability and Relief To Small

Employers (ICARE) Program

- (4) In order for an eligible employer to qualify for the ICARE Program, the average annual salary of the employer group shall not exceed 300 percent of the federal poverty level. This shall not include the annual salary of any person with an ownership interest in the employer group.
- (5) The office shall promulgate administrative regulations to establish guidelines for determination of preference for employer groups based upon federal poverty level, eligibility criteria, health care incentive payment procedures, program participating insurer and employer reporting requirements, and administrative guidelines for the ICARE Program.

Section 3.

- (1) Sections 1 to 8 of this Part shall not apply to an insurer that provides coverage solely to Medicaid recipients, Medicare beneficiaries, CHAMPUS insureds, or self-insured groups.
- (2) Each ICARE Program participating insurer shall offer at least three qualified health benefit plans to employers. A qualified health benefit plan shall be:
 - (a) A consumer-driven health benefit plan, including a health reimbursement arrangement or health savings account;
 - (b) A basic health benefit plan, as described in KRS 304.17A-096 and 304.17A-097; or
 - (c) An enriched health benefit plan.
- (3) Each ICARE Program participating insurer shall offer at least one of each of the plans listed in subsection (2)(a), (b), or (c) of this section. These plans shall be subject to the provisions of KRS 304.17A-220.
- (4) An ICARE Program participating insurer shall conduct a health risk assessment for each employee enrolled in the ICARE Program and offer a wellness program, case management services, and disease management services.
- (5) On and after July 1, 2007, an insurer shall be required to offer a premium rate that includes a healthy lifestyle discount for employers participating in the ICARE Program.
- (6) A separate class of business may be established for health benefit plan rate filings offered under the ICARE Program in accordance with KRS 304.17A-0952(8)(b).

Section 4.

- (1) The amount of health care incentive paid shall be as follows:
 - (a) Forty dollars per employee per month for eligible employers as defined in Section 2(3)(a) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of ten dollars; and
 - (b) Sixty dollars per employee per month for eligible employers as defined in Section 2(3)(b) of this Part. The amount shall be reduced annually, at the time of renewal, in incremental rates of fifteen dollars.

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Employers (ICARE) Program

- (2) The office may, in lieu of cash payments, issue to individuals vouchers or other documents certifying that the office will pay a specified amount for health benefit plan coverage under specified circumstances.
- (3) Any allocated surplus remaining in the ICARE Program shall be carried forward to the next fiscal year and be used for the ICARE Program in subsequent years through the end of the pilot period as provided for under Section 2(1) of this Part.
- (4) The office may limit enrollment for the ICARE Program so not to exceed annual program funding.
- (5) A group shall be determined ineligible if the most recent coverage under any health benefit plan terminated or nonrenewed because of any of the following:
 - (a) The group failed to pay premiums or contributions in accordance with the terms of the plan or the insurer had not received timely premium payments;
 - (b) The group or any individual in the group performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage; or
 - (c) The group or any individual engaged in intentional and abusive noncompliance with health benefit plan provisions.

Section 5.

- (1) The office may select a third-party administrator to administer the ICARE Program. The third-party administrator shall be an administrator licensed under this chapter by the office. The office shall consider criteria in selecting a third-party administrator that shall include but not be limited to the following:
 - (a) A third-party administrator's proven ability to demonstrate performance of the following: eligibility determinations, enrollment, payment issuance, reconciliation processes, and data collection and reporting;
 - (b) The total cost to administer the ICARE Program;
 - (c) A third-party administrator's proven ability to demonstrate that the ICARE Program be administered in a cost-efficient manner; and
 - (d) A third-party administrator's financial condition and stability.
- (2) In addition to any duties and obligations set forth in the contract with the third-party administrator, the third-party administrator shall:
 - (a) Develop and establish policies and procedures for eligibility determinations, enrollment, payment issuance, reconciliation processes, data collection and reporting, and other responsibilities determined by the office;
 - (b) Submit reports to the office regarding the operation and financial condition of the ICARE Program. The frequency, content, and form of the reports shall be determined by the office; and
 - (c) Submit a monthly and annual report to the office. Both reports shall include:
 - 1. Number of applicants;

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2. Enrolled employer groups by insurance company;
 3. Number of groups previously uninsured for a period of 12 months by insurance company;
 4. Average premium per group by insurance company;
 5. Number of groups eligible due to an individual with a high-cost condition by insurance company;
 6. Total amount of health care incentive paid listed by insurance company; and
 7. Any other information requested by the office.
- (3) The third-party administrator shall be paid for necessary and reasonable expenses as provided in the contract between the office and the third-party administrator.

Section 6.

- (1) The office shall establish and maintain the ICARE Program fund. All funds shall be held at interest, in a single depository designated in accordance with KRS 304.8-090(1) under a written trust agreement in accordance with KRS 304.8-095. All expense and revenue transactions of the fund shall be posted to the Management Administrative Reporting System (MARS) and its successors; and
- (2) The office shall work with the Office of Health Policy within the Cabinet for Health and Family Services to review the availability of federal funds for the ICARE Program.

Section 7

- (1) The office may implement Sections 1 to 8 of this Part through arrangements with other agencies of the Commonwealth.
- (2) The provisions of this section shall not give rise to, nor be construed as giving rise to, enforceable legal rights for any party or an enforceable entitlement to benefits other than to the extent that such rights or entitlements exist pursuant to the administrative regulations of the executive director of insurance.

Section 8.

- (1) Each insurer authorized to offer health benefit plans in the Commonwealth shall disclose the availability of the health insurance purchasing program as authorized in 42 U.S.C. sec. 1396e to eligible employer groups. In connection with the initial offering and renewal of any health benefit plan, an insurer shall make a disclosure as part of its solicitation, sales material, and renewal information of the availability of the ICARE Program;
- (2) The manner and content of the disclosure as described in subsection (1) of this section shall be established through promulgation of administrative regulations by the Office of Insurance in coordination with the Cabinet for Health and Family Services.

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Section 9.

- (1) All insurers as defined in KRS 304.17A-005(24) shall provide upon request to the Cabinet for Health and Family Services, by electronic means and in the format prescribed by the cabinet, information in accordance with KRS 205.623.
- (2) All information obtained by the cabinet pursuant to this section shall be confidential and shall not be open to public inspection.

Section 10.

Pursuant to terms and conditions of Subtitle 17A of KRS Chapter 304, the Commonwealth of Kentucky seeks to explore the feasibility of an Interstate Reciprocal Health Benefit Plan Compact (IRHBPC) with contiguous states to allow the residents of the Commonwealth of Kentucky and the residents of contiguous states to purchase health benefit plan coverage among the states participating with the compact. The purposes of this compact are, through means of joint and cooperative action among the compacting states:

- (1) To promote and protect the interest of consumers purchasing health benefit plan coverage;
- (2) To develop uniform minimum standards for health benefit plan products covered under the compact, while ensuring that the standards established in Kentucky law and regulation are maintained and protected;
- (3) To improve coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform minimum standards; and
- (4) To perform these and such other related functions as may be consistent with the state regulation of the business of insurance.

Section 11.

Any insurer violating Section 9 of this Part shall be fined not less than one hundred dollars (\$100) for each offense. Failure to respond to each request made by the Cabinet for Health and Family Services, as required under Section 9 of this Part, shall constitute a separate offense.

Section 12.

Notwithstanding KRS 304.17A.0952(8)(b), an insurer may establish a separate class of business to reflect substantial differences in expected claims experience or administrative cost because the insurer is offering a qualified health benefit plan under the ICARE Program pursuant to Section 3(3) of this Part.

Section 13.

Notwithstanding KRS 216.2921(1), the Cabinet for Health and Family Services shall make every effort to make health data findings that can serve as a basis to educate consumers on the cost and quality of health care and providers for the purpose of improving patient

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morbidity and mortality outcomes available to the public, and state and local leaders in health policy, through the cost-effective and timely use of the media and the Internet and through distribution of the findings to health facilities and health-care providers for further dissemination to their patients.

Section 14.

Notwithstanding KRS 216.2923(2)(a), for the purposes of carrying out the provisions of KRS 216.2920 to 216.2929, the Secretary of the Cabinet for Health and Family Services shall publish and make publicly available, pursuant to Section 18 of this Part, information on charges, quality, and outcomes of health care services provided, and information that relates to the health care financing and delivery system and health insurance premiums and benefits that is in the public interest.

Notwithstanding KRS 216.2923(2)(f), the cabinet advisory committee shall utilize the Health Services Data Advisory Committee as a subcommittee, which shall include a member of the Division of Women's Physical and Mental Health, to define quality outcome measurements and to advise the cabinet on technical matters including review of administrative regulations promulgated pursuant to KRS Chapter 13A, proper interpretation of the data, and the most cost-effective manner in which it should be published and disseminated to the public. The Health Services Data Advisory Committee shall review and make recommendations to the secretary's advisory committee regarding exploration of technical matters related to data from other health care providers. The committee shall make recommendations on methods for risk adjusting any data prepared and published by the cabinet.

Section 15.

Notwithstanding KRS 216.2925(1), every hospital and ambulatory facility shall be required to report, on a quarterly basis, information regarding the charge for, quality, and outcomes of the procedures and health-care services performed therein, and as stipulated by administrative regulations promulgated pursuant to KRS Chapter 13A. The cabinet shall accept data which, at the option of the provider is submitted through a third party, including but not limited to organizations involved in the processing of claims for payment, so long as the data elements conform to the requirements established by the cabinet. On at least a biennial basis, the cabinet shall conduct a statistical survey that addresses the status of women's health, specifically including data on patient age, ethnicity, geographic region, and payor sources. The cabinet shall rely on data from readily available reports and statistics whenever possible. Notwithstanding KRS 216.2925(2), the cabinet shall require for quarterly submission to the cabinet by any group of providers, except for physicians providing services or dispensaries, first aid stations, or clinics located within business or industrial establishments maintained solely for the use of their employees, including those categories within the definition of provider contained in KRS 216.2920 and any further categories determined by the cabinet, as provided by cabinet promulgation of administrative regulations pursuant to KRS Chapter 13A, the following:

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- (a) A list of medical conditions, health services, and procedures for which data on charge, quality, and outcomes shall be collected and published;
- (b) A timetable for filing the information provided for under paragraph (a) above on a quarterly basis;
- (c) A list of data elements that are necessary to enable the cabinet to analyze and disseminate risk-adjusted charge, quality, and outcome information, including mortality and morbidity data;
- (d) An acceptable format for data submission which shall include use of the uniform:
 - 1. Health claim form pursuant to KRS 304.14-135 or any other universal health claim form to be determined by the cabinet, if in the form of hard copy; or
 - 2. Electronic submission formats as required under the federal Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. Chapter 6A, sec. 300gg et seq., in the form of magnetic computer tape, computer diskettes, or other electronic media through an electronic network;
- (e) Procedures to allow health-care providers at least thirty (30) days to review information generated from any data required to be submitted by them, with any reports generated by the cabinet to reflect valid corrections by the provider before the information is released to the public; and
- (f) Procedures pertaining to the confidentiality of data collected.

Notwithstanding KRS 216.2925(3), the data-gathering activities of the cabinet shall be coordinated with and not duplicative of other data-collection activities conducted by the Office of Insurance, as well as other state and national agencies and organizations that collect the same or substantially similar health-related service, utilization, quality, outcome, financial, or health-care personnel data, and shall review all administrative regulations promulgated pursuant to KRS 216.2920 to 216.2929 to prevent duplicate filing requirements. The cabinet shall periodically review the use of all data collected under KRS 216.2920 to 216.2929 to assure its use is consistent with legislative intent.

Notwithstanding KRS 216.2925(4), the cabinet shall conduct outcome analyses and effectiveness studies and prepare other reports pertaining to issues involving health-care charges and quality.

Notwithstanding KRS 216.2925(7), the Cabinet for Health and Family Services shall collect all data elements under this section using only the uniform health insurance claim form pursuant to KRS 304.14-135, the Professional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services, or the Institutional 837 (ASC X12N 837) format or its successor as adopted by the Centers for Medicare and Medicaid Services.

Section 16.

Notwithstanding KRS 216.2927(3), no less than 60 days after reports are published and except as otherwise provided, the Cabinet for Health and Family Services shall make all aggregate data which does not allow disclosure of the identity of any individual patient, and

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which was obtained for the annual period covered by the reports, available to the public. The Health Services Data Advisory Committee shall review at least annually current protocols related to the release of data referenced in this section and shall make recommendations to the cabinet advisory committee referenced in KRS 216.2923. Persons or organizations requesting use of these data shall agree to abide by a public use data agreement and by HIPAA privacy rules referenced in 45 C.F.R. 164. The public use data agreement shall include at a minimum:

- (a) A prohibition against the sale or further release of data; and
 - (b) Guidelines for the use and analysis of the data released to the public related to provider quality, outcomes, or charges.
- Notwithstanding KRS 216.2925(3), the cabinet may impose a fee for providing electronic or multiple printed copies of the data.

Section 17.

Notwithstanding KRS 216.2929(1), the Cabinet for Health and Family Services shall make available on its Web site information on charges for health care services, which is updated at least annually, in understandable language with sufficient explanation to allow consumers to draw meaningful comparisons between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available. Any charge information compiled and reported by the cabinet shall include the median charge and other percentiles to describe the typical charges for all of the patients treated by a provider and the total number of patients represented by the charges, and shall be risk adjusted according to the recommendations of the Health Data Advisory Committee. The report shall clearly identify the sources of data used in the report and explain limitations of the data and why differences between provider charges may be misleading. Every provider that is specifically identified in any report shall be given 30 days to verify the accuracy of its data prior to public release and shall be afforded the opportunity to submit comments on its data that shall be included on the Web site and as part of any printed report of the data. The cabinet shall only provide linkages to organizations that publicly report comparative charge data for Kentucky providers using data for all patients treated regardless of payor source, which may be adjusted for outliers, is risk adjusted, and permits identified providers the opportunity to comment on their data and includes such comments on the Web site and as part of any printed report of the data.

The Cabinet for Health and Family Services shall make information available on its Web site, describing quality and outcome measures, in understandable language with sufficient explanation to allow consumers to draw meaningful comparison between every hospital and ambulatory facility in the Commonwealth, and other provider groups as relevant data become available.

(a) The cabinet shall utilize only national quality indicators that have been endorsed and adopted by the Agency for Healthcare Research and Quality, the National Quality Forum, or the United States Centers for Medicare and Medicaid Services, or shall provide linkages only to the following organizations that publicly report quality and outcome measures on Kentucky providers:

- 1. The United States Centers for Medicare and Medicaid Services;
- 2. The Agency for Healthcare Research and Quality;

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3. The Joint Commission on the Accreditation of Health Care Organizations; and
 4. Other organizations that publicly report relevant outcome data for Kentucky health care providers, as determined by the Health Services Data Advisory Committee.
- (b) The cabinet shall utilize or refer the general public to only those nationally endorsed quality indicators that:
1. Are based upon current scientific evidence or relevant national professional consensus; and
 2. Have definitions and calculation methods openly available to the general public at no charge.
- Any report the cabinet disseminates or refers the public to shall:
- (a) Not include data for a provider whose caseload of patients is insufficient to make the data a reliable indicator of the provider's performance;
 - (b) Afford providers specifically identified in the report 30 days to verify the accuracy of their data prior to the data's public release and the opportunity to submit comments on their data, which shall be included on the Web site and as part of any printed report of the data;
 - (c) Clearly identify the sources of data used in the report and explain the analytical methods used in preparing the data included in the report; and
 - (d) Explain any limitations of the data and how the data should be used by consumers.

Section 18.

Notwithstanding KRS 304.17A-700, as used in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123, "health care provider" or "provider" means a provider licensed in Kentucky as defined in KRS 304.17A-005 and, for the purposes of KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 only, shall include physical therapists licensed under KRS Chapter 327, psychologists licensed under KRS Chapter 319, social workers licensed under KRS Chapter 335, and durable medical equipment dealers holding an active Medicare DME provider number. Nothing contained in KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall be construed to include physical therapists, psychologists, social workers, and durable medical equipment dealers holding an active Medicare DME provider number as a health care provider or provider under KRS 304.17A-005.

Section 19.

Notwithstanding KRS 304.17A-704, within five business days from the time of acknowledgment under KRS 304.17A.704(1)(a), an insurer, its agent, or designee shall notify the provider, its billing agent, or designee that submitted the claim electronically, of all information that is missing from the billing instrument, of any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

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Notwithstanding KRS 304.17A-704(2), at the time of acknowledgment under paragraph (b) of KRS 304.17A-704(1), an insurer, its agent, or designee, shall notify the provider, its billing agent, or designee that submitted the claim, in writing, of all information that is missing from the billing instrument, any errors in the billing instrument, or of any other circumstances which preclude it from being a clean claim.

Section 20.

Notwithstanding KRS 304.17A-730(1), an insurer that fails to pay, deny, or settle a clean claim in accordance with KRS 304.17A-700 to 304.17A-730 and KRS 205.593, 304.14-135, and 304.99-123 shall pay interest according to the following schedule on the amount of the claim that remains unpaid:

- (a) For claims that are paid between one and 30 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 12 percent per annum shall accrue from the date payment was due under KRS 304.17A-702; and
- (b) For claims that are paid more than 31 days from the date that payment was due under KRS 304.17A-702, interest at a rate of 14 percent per annum shall accrue from the date payment was due under KRS 304.17A-702

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends Part XI, the Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Program, to be Part XII.

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Part XIII -Base Realignment and Closure (BRAC)

BRANCH

The Branch Budget Bill contains no provisions relating to "**Base Realignment and Closure (BRAC)**".

GENERAL ASSEMBLY

The General Assembly adds the following language provision in Part XIII, relating to "**Base Relignment and Closure (BRAC)**":

"BASE REALIGNMENT AND CLOSURE (BRAC)

Section 1. (1) The BRAC Economic Development Commission is hereby created for the purpose of administering the BRAC Economic Development Fund created pursuant to Section 3 of this Part. The commission shall consist of the following members:

- (a) The Secretary of the Cabinet for Economic Development, or a designee, who shall serve as chairman;
 - (b) The Garrison Commander of Fort Knox, who shall serve only in an advisory capacity;
 - (c) The Secretary of the Transportation Cabinet;
 - (d) The Executive Director of the School Facilities Construction Commission; and
 - (e) The President of the Kentucky Community and Technical College System.
- (2) Commission members shall be reimbursed for ordinary travel expenses, including meals and lodging, incurred in the performance of duties incident to the provisions of Sections 1 to 3 of this Part.
- (3) A majority of the entire membership of the Commission shall constitute a quorum.
- (4) Meetings of the Commission shall be held at least twice a year but may be held more frequently as deemed necessary, subject to the call by the chairman or by request of a majority of the commission members. Commission meetings shall concern, among other things, policy matters relating to Base Realignment and Closure (BRAC) 2005 related projects, reports, grant awards, and other matters necessary to carry out the intent of Sections 1 to 3 of this Part.
- (5) No member of the Commission shall be subject to any personal liability or accountability for any loss sustained or damage suffered on account of any action or inaction of the board.
- (6) The commission shall be attached to the Cabinet for Economic Development for administrative purposes.

Section 1. The BRAC Economic Development Commission shall:

- (1) Formulate policies and procedures necessary to carry out Sections 1 to 3 of this Part;
- (2) Promulgate administrative regulations necessary to carry out Sections 1 to 3 of this Part;
- (3) Provide strategic planning to position the Commonwealth to attract new missions to its federal military installations in the future and to provide funding for projects, undertaken and financed under Sections 1 to 3 of this Part, related to the expansion of military missions under Base Realignment and Closure (BRAC) 2005 or future BRAC reports.

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Part XIII -Base Realignment and Closure (BRAC)

(a) Subject to the availability of moneys, the Commission may award a grant to an applicant if that application is BRAC-related. An application is BRAC-related if the funds requested are for expenses incurred, or to be incurred, for infrastructure and programmatic requirements to accommodate unanticipated growth in communities which are in close proximity to, or provide services to, federal military installations in Kentucky. Selection criteria shall include but not be limited to the following:

1. Transportation;
2. Education;
3. Workforce;
4. Health and Human Services; and
5. Infrastructure.

(b) The commission shall adopt a BRAC strategic plan designed to enhance Kentucky's position to support and attract new missions to its federal military installations and establish a process to track the federal BRAC process. The commission shall make a report to the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection by November 30 of each year regarding the status of the BRAC strategic plan and the federal BRAC process;

(4) Review and approve all progress and final reports on projects authorized under Sections 1 to 3 of this Part;

(5) Ensure that state funds are not diverted to any other use than that outlined in Sections 1 to 3 of this Part; and

(6) Following the approval by the commission, present the project, with supporting documentation, for review and recommendation at the next regularly scheduled meeting of the Capital Projects and Bond Oversight Committee. The Secretary of the Cabinet for Economic Development, or his designee, shall present the project on behalf of the Commission.

Section 2. (1)The bond proceeds received from Part I, L., 3., (3) and Part II, C., 2., 001., except for the proceeds allotted under subsection (1) of Part II, C., 2., 001., of this Act shall be credited to the BRAC economic development fund which is hereby created.

(2) Federal funds or other funds which may be made available to supplement or match state funds for BRAC 2005-related purposes or future BRAC-related purposes shall be credited to the fund created in subsection (1) of this section.

(3) Funds deposited to the credit of the BRAC Economic Development Fund shall be used for grants as outlined in subsection (3) of Section 2 of this Part. Any moneys that the Transportation Cabinet may receive from the BRAC Economic Development Commission shall be used in accordance with the commission's guidelines.

(4) Notwithstanding KRS 45.229, moneys contained in the BRAC economic development fund shall not lapse but shall be carried forward to the next fiscal year."

The General Assembly sustains the following Veto Message from the Governor of the Commonwealth:

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Part XIII -Base Realignment and Closure (BRAC)

The Governor of the Commonwealth vetoes, in part, the following:

Veto #10 of HB 406 - *"I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 244, lines 5 through 27 in their entirety.

Page 245, lines 1 through 27 in their entirety.

Page 246, lines 1 through 27 in their entirety.

Page 247, lines 1 through 4 in their entirety.

I am vetoing the entirety of Part XIII of House Bill 406 as enacted because (a) it is duplicative of the Governor's Task Force on Military Base Realignment established by Executive Order 2008-272 and existing statutory provisions for the oversight of economic development projects; (b) decisions regarding funding for this project should include input from a broader group than is provided in the vetoed part; and (c) opportunities to maximize the leveraging of federal funds for the project can be best achieved through the existing administrative structure. This Part provides for the creation of a commission to oversee the funding provided in House Bill 406 for economic development bond projects related to the Base Realignment and Closure (BRAC) efforts in and around Fort Knox, Kentucky.

The changes that will occur in this region are estimated to be equivalent to the largest economic development project in the Commonwealth's history. It is crucial that communities impacted by the project and military personnel be included in the decision-making process. All available sources of funding must be considered and evaluated for leveraging prior to the designation for funding of any individual project from available resources. The existing administrative infrastructure both in the Cabinet for Economic Development and the Transportation Cabinet is best positioned to assure that all funding streams will be maximized to leverage federal and state funds for this region as needed. Most importantly, [the](#) Governor's Task Force on Military Base Realignment has a broader mission than the commission created in the vetoed part and provides input and perspective from a broader base of representation to assure that all issues and concerns are considered in the decision-making process for issues related to BRAC."

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